FBIS DAILY REPORT

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FORMER COMMANDERS RECEIVE GREETINGS ON 9 JULY

PY141505 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1501 GMT 13 Jul 86

[Text] A press source today reported that the four former Armed Forces commanders who are under arrest at the Magdalena military prison for excesses committed during the struggle against subversion have received official greetings from their respective forces on the anniversary of the national independence that was commemorated on 9 July.

The press report that was published in the newspaper LA CRONICA quotes military sources as saying that representatives from the Army and the Navy went to the Magdalena prison to extend their greetings to Army Generals Jorge Videla and Roberto Viola, retired, as well as to Admirals Emilio Massera and Armando Lambruschini, retired.

The newspaper report also adds that Air Force General Orlando Agosti, retired, former Air Force commander who is also under arrest for his involvement in human right violations and who is hospitalized at the Air Force Hospital in Buenos Aires, also recieved special visits on that day, but none of them constituted an official Air Force representation.

The press report states that the Army delegation was headed by a general on active duty, serving in the logistics area, and that he was sent by the Army Staff.

Admirals Massera and Lambruschini were greeted by a committee appointed by the Naval General Secretarait. This committee was headed by a Navy captain who "was a former member of the Naval General Secretariat, which is a part of the Navy Staff."

The sentences issued against the five former Armed Forces commanders have been appealed to the Supreme Court by the respective defense counsels.

BRIEFS

CURRENCY DEVALUATION -- The Central Bank has devalued the austral by 1.12 percent against the U.S. dollar. Therefore, as of 11 July, the U.S. dollar stands at 0.90 australs and 0.91 australs, buying and selling rate, respectively. [Summary] [Buenos Aires Domestic Service in Spanish 0200 GMT 12 Jul 86 PY]

ARGENTINE-JAPANESE TRADE COUNCIL -- It was announced today at Government House that by Decree 1097, the Argentine International Cooperation Council with Japan has been created to improve and facilitate Argentine-Japanese trade. The council comprises official and private-sector representatives, and it will be chaired by Oscar Jorge Romero, international economic relations undersecretary. [Summary] [Buenos Aires TELAM in Spanish 1524 GMT 4 Jul 86 PY]

AGREEMENT WITH GDR COMPANY -- Cordoba, 5 Jul (TELAM) -- The Takraf company of the GDR and the Materfer Company of Buenos Aires have signed an agreement to jointly produce railway cranes. The agreement calls for transferring technology, manufacturing equipment, and final marketing in Latin America. This agreement was reported by Wolfgang Keil, the GDR's depty heavy industry minister. [Summary] [Buenos Aires TELAM in Spanish 1409 GMT 5 Jul 86 PY]

VALLE NOTES PRESIDENT'S CONFIDENCE IN MILITARY

PY110330 La Paz La Red Panamericana in Spanish 0000 GMT 11 Jul 86

[Text] Defense Minister Luis Fernando Valle has stated that the president of the Republic has expressed confidence in the military high command, rejecting any political attempts to create conflicts within the heart of the military command. The defense minister said that the head of state had instructed him to expedite investigations into the theft of the diaries of Ernesto "Che" Guevara and told him that moralization must have priority among all government actions.

These were the statements by National Defense Minister Luis Fernando Valle.

[Begin recording, in progress] ...because the government's policy is that the moralization we are seeking as a national government involves not only the civilian but also the military sphere. In the second place, the president discussed with me a number of recent reports which, to a certain degree, affect the morale of the Armed Forces. Some politically motivated events, which seek to destabilize the members of the military high command, have already been reported.

The president has said that he has absolute confidence in the current military high command, that it will continue in its functions in accordance with the military laws and rules and regulations, and that he is instructing me to tell the current military high command to act with the greatest strictness and adherence to the law, abiding by all the civilian and military codes and rules in all cases involving lack of discipline or disrespect for authority, which is the cornerstone of the Bolivian Armed Forces. [end recording]

Moving on, Fernando Valle said that Armed Forces' intervention [passage indistinct] leads to preserve the national territory as established by the Constitution. Thus, the Armed Forces must guarantee the normal supply of fuel to the people, he said.

OIL WORKERS SUSPEND STRIKE IN SANTA CRUZ

PY120202 La Paz La Red Panamericana in Spanish 0000 GMT 12 Jul 86

[Text] The Santa Cruz oil workers' strike has been suspended. The situation at the Palmazola refinery is becoming normal. Let us listen to a report by Radio Panamericana correspondent Felipe Calvi Montes on this issue.

[Begin relay] A meeting among Santa Cruz, Centro, and Palmazola oil workers, which started at 1130, has concluded. Let us point out that the strike declared by the Centro district oil workers was suspended today at 0930. As a result of this situation, the Santa Cruz prefect was informed around 1200 that the Palmazola district oil workers were also suspending their strike, that is [words indistinct] concerning Santa Cruz Department.

At the conclusion of this [words indistinct], we are giving the text of a statement signed by Andrew Vargas Santander, president of the strike committee; Alberto Soto [name indistinct], for the Federation of Bolivian Oil Workers; Juan [first name indistinct], YPFB [Bolivian Government Oil Deposits] operations manager; and Luis Alberto Roca, [words indistinct].

These are the statement's five points:

1) The oil workers of the Oriente oil workers' trade union commit themselves to suspend immediately the general indefinite strike declared on 8 July 1986 and conform to the terms of the negotiations conducted between the supreme government and the Federation of Bolivian Oil Workers.

2) The Santa Cruz prefect's office commits itself to initiating talks to achieve the release of the detainees as soon as possible and retrieve records of the case.

3) The military and police units will stay until activities are resumed and work is completely normal.

4) The Santa Cruz prefect's office gives the necessary guarantees to the oil workers, assuring them that those involved in this strike will not be arrested.

5) The Santa Cruz prefect's office will coordinate with and assist the appropriate authorities in the search for solutions to the oil workers' proposals under the terms of the negotiations conducted between the central government and the Federation of Bolivian Oil Workers.

This is the full text of the statement that puts an end to the strike declared on 8 July in the city of Santa Cruz, which no doubt caused serious problems and conflicting situations, such as that involving the Lloyd Bolivian Airline. [end relay]

SENATE ESTIMATES DRUG TRAFFIC YIELDS $3 BILLION

PY111854 La Paz La Red Panamericana in Spanish 1130 GMT 11 Jul 86

[Excerpt] The Senate's Dangerous Drugs and Narcotics Commission has produced a report. According to Senator Daniel Cabezas, who spoke at a press conference yesterday, this report will be submitted to Congress during the next session.

Cabezas also disclosed that drug trafficking produces up to $3 billion annually, of which only 20 percent remains in the country

[Begin Cabezas recording] According to estimates, calculated on the price of cocaine sulfate in El Beni 2 months ago, it is estimated that drug trafficking in Bolivia totals approximately $3 billion annually. As we have already stated, only 20 percent of this total remains in the country; the rest goes abroad, because it is foreign capital which has been invested in Bolivia for drug trafficking activities. Only a few Bolivians are involved in this activity; some reports say a total of 30 people, but we believe there are not more than 12 to 15 families engaged in drug trafficking. They are the ones handling this quantity of money, of which only $600 million remains in the country. [end recording] [passage omitted]

MISSION LEAVES FOR HAVANA 14 JULY; CUBANS ARRIVE

PY141509 Brasilia Radio Nacional de Amazonia in Portuguese 1000 GMT 14 Jul 86

[Text] The Brazilian diplomatic mission which is going to establish the Brazilian Embassy in Cuba is leaving for Havana today. The mission is headed by Luis Antonio Gagliardi, the chief of the Brazilian Foreign Ministry Liaison and Documentation Department. The mission's objective is to inspect and choose the premises for the embassy and the ambassador's residence. The mission also includes two diplomats, two technicians, and an architect. They are also responsible for installing telephone lines and telex and other services.

While the Brazilian mission visits Havana, three Cuban diplomats are in Brasilia to make preparations for the establishment of the Cuban embassy in Brasilia. The Cubans arrived in Rio de Janeiro yesterday and will come to Brasilia this morning to meet with the director of protocol of the Brazilian Foreign Ministry. The Brazilian and Cuban missions will take about 3 weeks to establish the two embassies. The next step will be to ask the approval of the two governments for the appointment of the ambassadors. The current Brazilian ambassador to the PRC, Italo Zappa, is being mentioned as the candidate for Brazilian ambassador in Havana. The Cuban Government is expected to name as Cuban ambassador to Brasilia Jorge Bolanos, the Cuban vice minister of foreign relations.

ANGOLAN MINISTER MEETS SARNEY, ABREU SODRE

PY150241 Brasilia Domestic Service in Portuguese 2200 GMT 14 Jul 86

[Text] The Angolan Embassy will be operating in Brazil by next week. This announcement was made in Brasilia by Angolan Foreign Trade minister Ismael Gaspar Martins. Martins met with Foreign Minister Abreu Sodre to discuss trade between the two nations. The Angolan minister was received by President Sarney. He reports on what they discussed.

[Begin Martins recording] We talked about the possibilities and problems, and especially about the great affinities existing today between Brazil and Angola. [end recording] The Angolan minister also gave Sarney a letter from Angolan President Jose Eduardo dos Santos.

FOREIGN MINISTER MAY VISIT PRC THIS YEAR

PY121820 Brasilia Radio Nacional de Amazonia Network in Portuguese 1000 GMT 12 Jul 86

[Excerpt] Foreign Minister Abreu Sodre, who yesterday returned from his trip to Rome with President Sarney, probably will visit the PRC this year. According to Itamaraty spokesman Minister Rui Nogueira, this trip might be the first step in preparing a visit by President Sarney. Rui Nogueira also said that Abreu's visit to Beijing was decided upon during PRC Vice Foreign Minister Zhu Qihen's visit to Brazil at the beginning of last week.

[Begin Nogueira recording] During PRC Vice Foreign Minister Zhu Qizhen's visit to Brazil last week to hold political talks on the agreement signed by Brazil and the PRC 3 years ago, Foreign Minister Abreu Sodre was invited to visit the PRC. The minister accepted the invitation and, during the next few weeks, the two foreign ministries will discuss the possibility of establishing mutually convenient dates for the visit. [end recording] [passage omitted]

MERINO ADVISES U.S. TO CHANGE AMBASSADOR

PY141825 Santiago Domestic Service in Spanish 1700 GMT 14 Jul 86

[Relay from Government House by Rosa Gonzalez]

[Text] Navy Commander Jose Toribio Merino has just expressed his regrets to President Pinochet over the vandalism to which the Pinochet family mausoleum was subjected. Admiral Merino said that this action is characteristic of communists.

The Navy commander arrived unexpectedly at the La Moneda Government House to express his regrets to President Pinochet. At the end of the meeting, and while answering journalists about the recent statement issued by the U.S. State Department, Merino said that if the U.S. Government were to change its ambassador to Chile it would be better informed about the true situation that Chile is experiencing.

U.S. Ambassador Replies

PY150336 Santiago Radio Chilena in Spanish 2300 GMT 14 Jul 86

[Text] Admiral Toribio Merino's suggestion that the U.S. ambassador be replaced has received a rapid reply from U.S. Ambassador Harry Barnes, who said that he hopes to be able to talk with the admiral to discuss some topics.

[Begin Barnes recording] We should give some thought to what the admiral said. We, in fact, expect that Mr Gelbard will have the opportunity to talk with the admiral and discuss several topics. I myself would like to talk with the admiral. [end recording]

Barnes added that if President Reagan does not like the way I handle my duties, he, as President of the United States, can take the necessary measures. However, it seems that he trusts me, Barnes added, alluding to the supportive words of the U.S. President for the ambassador's mission in Santiago.

The U.S. Embassy has issued a communique reaffirming that Barnes is the representative of President Reagan in Chile and that in that capacity he speaks for the U.S. Government. In turn, Foreign Minister Jaime del Valle, when asked about the status of relations with the United States, said that normal relations can go through moments that are better than others. He added that these relations will be analyzed in the meetings with U.S. Deputy Assistant Secretary for Inter-American Affairs Robert Gelbard and then we will certainly make decisions, but he did not specify what kind of decisions.

Minister Del Valle will receive Gelbard tomorrow in the Foreign Ministry. Today Gelbard talked with General Rodolfo Stange, Carabineros director general. He will also meet with representatives of the opposition.

PINOCHET ASKS ENVOYS TO DEFEND NATIONAL CAUSE

PY142015 Santiago Domestic Service in Spanish 1700 GMT 14 Jul 86

[Relay from Government House by Rosa Sanchez]

[Text] President Pinochet today called on Chilean ambassadors abroad not to remain silent over Marxist actions and to answer categorically, courageously, and specifically these malicious attacks.

The president made this statement during a lecture he gave at the opening ceremony of the seminar being held by Chilean diplomats. This seminar, which will close on 18 July, is sponsored by the Foreign Ministry with the purpose of coordinating policies and informing ambassadors abroad about the national situation.

The president told the Chilean diplomats that he gives particular importance to the fact that people abroad should be informed about the magnitude of the challenge that Chile is confronting, that is, Chile either consolidates the institutionality that was approved by the people through the 1980 Constitution and projects itself through a solid and stable democracy, or it deviates from this path and allows anarchy to prevail by yielding to totalitarianism.

President Pinochet added that the government, which is aware of the historic responsibility it assumed in 1973, is determined to project those principles to take it beyond this term and is working hard so that the full enforcement of the Constitution may be achieved.

The president also reasserted that if, on 11 September 1973, we witnessed the fall of institutions that cannot be changed in some other countries, this was not because of a coup promoted by selfish ambitions -- as is being publicized in international propaganda -- but because the Armed Forces and the forces of order decided to assume their duty of safeguarding essential national principles.

CARVAJAL DENIES ARMED FORCES BURNED YOUTHS

PY121752 Santiago Domestic Service in Spanish 1100 GMT 12 Jul 86

[Text] The defense minister, Vice Admiral Patricio Carvajal, has stated that it is the ideas, not the individuals, that will project themselves beyond 1989. He made this statement after presiding over a graduating ceremony at the National Academy for Political and Strategic Studies. [recorded passage indistinct]

The government has committed itself, Minister Carvajal said, to comply with the Constitution. We possess this legal political structure that sustains the current process, and all of us are engaged in ensuring that it is maintained and fully complied with.

Minister Carvajal then categorically rejected the reports that indicate that members of the Armed Forces are involved in the case of the burned youths. [recorded passage indistinct] The defense minister added: It seems to me that it is very possible that people who handle explosives have fallen victims to their own (?passions).

[Begin Carvajal recording] This has already happened. How many times have we heard about terrorists who have prepared a bomb which has then exploded, multilating or killing them? This opinion is supported by the fact that both youths, after being taken care of and brought for medical attention, refused to make any kind of statement. Only afterward did some rumors begin to circulate. I would not like to make any hasty judgment, but I think this is the most probable [word indistinct]. [end recording]

He said that the reports to the contrary are undoubtedly part of the campaign aimed at discrediting the forces that are in charge of guaranteeing security and order for the citizens.

VALDES REACTS TO PINOCHET PLAN TO EXTEND TERM

PY142305 Santiago Radio Chilena in Spanish 1700 GMT 14 Jul 86

[Text] Christian Democratic Party [PDC] President Gabriel Valdes has said that the statements recently made by General Pinochet on continuing his government until 1997 are an extremely serious political action which directly affects the nation's life and the destiny of all Chileans.

Valdes noted that we believe that Pinochet's attitude truly challenges the Armed Forces' honor. Valdes stated that in Chile there is an arbitrary power which seeks to perpetuate itself. He said that this is a very serious time. Thus, it is necessary to speak clearly and demand the end of ambiguities in all sectors.

[Begin Valdes recording] We believe that Gen Pinochet's attitude truly challenges the Armed Forces' honor. The civilians have lived together with the Armed Forces since the Republic was established. We hope that they [word indistinct] the way of meeting again with the people. We cannot allow the existing separation to turn into an abyss with violence destroying the achievements of 150 years of efforts.

Pinochet is asking us to surrender unconditionally. We do not accept such a surrender. We will not relinquish our democratic calling, whatever the risks involved.

We will struggle throughout Chile to oppose Pinochet's will until democracy and the honor and justice of every Chilean family are restored. [end recording]

Gabriel Valdes recalled the thinking of former President Eduardo Frei, who in 1980 stated that Gen Pinochet's will is to keep Chileans bound for almost a quarter of a century.

In 1980 Frei stated that Pinochet's plan did not involve transition, but only a continuation and strengthening of his personal power.

[Begin Valdes recording] That personal power has never wanted to hear the nation's democratic expression.

For our part, we have a very clear conscience. We did everything possible in an attempt to reach a peaceful and agreed upon solution to a crisis to which we were led by the regime's arbitrariness.

Ever since the 1983 democratic manifesto, the formation of the Democratic Alliance, the participation in the dialogue, a letter to the commanders in chief, and dozens of statements leading to the signing of the National Accord, which was prompted by an initiative of Santiago's archbishop, we have expressed our willingness to reach agreement and proposed immediate measures to create the conditions for a transiton.

In conclusion, the National Civic Assembly [ANC], which is an expression of the majority of the Chileans, proposed the "Chile Demands," which is a demand for democracy.

All these cumulative efforts, as well as several others made by the church, spiritual authorities, and foreign personalities and governments, have been stubbornly rejected or ignored. [end recording]

Gabriel Valdes expressed pessimism over the effects achieved by the political parties after the government refused to listen to the proposals for achieving a consensus.

[Begin Valdes recording] Nothing is obtained by offering political formulas as long as there is no willingness to promptly seek a solution to the crisis. If such a willingness were expressed, we would be open, as always, to a dialogue with those who are serious and responsible. This is necessary in order to find a civilian or military person who inspires the required confidence to call for a transition leading to the holding of free elections, to express the people's will. [end recording]

In conclusion, Gabriel Valdes insisted that the country needs to learn the Armed Forces' opinion on this critical situation.

Saldivar, Cimma Comment

PY142206 [Editorial Report] Santiago Radio Chilena in Spanish carries in its 1700 GMT newscast on 14 July a recorded 5-minute interview with Andrew Saldivar, former state minister and former president of the Christian Democratic World Union [CDWU]. Saldivar is asked about the interview he granted to APSI magazine in which he made statements dismissing the possibility of a dialogue with General Augusto Pinochet, but not with the Armed Forces.

Andres Saldivar begins by saying that his opinion was confirmed by the statement General Pinochet made a few days ago in Concepcion, when the general dismissed any chance for a political dialogue to seek a peaceful transition to democracy. Pinochet has taken the position of implementing without discussion the 1980 Constitution and of continuing in government for 16 years through a plebiscite in which he will be the only candidate. Saldivar says that the people must not give in to what he called the thoughtless position of Gen Pinochet, who definitely does not want to offer a way out, solution, or dialogue.

Saldivar then adds that the citizenry must stand up to demand their rights, one of them being to live in democracy. He goes on to say that what is happening is the rule for any dictatorial or authoritarian government: As time passes, they are isolated, and the authoritarian figure retreats into a bunker, as the Central Americans used to say. This is the case of Gen Pinochet, because he now has fewer followers than he had some time ago. I believe, Saldivar asserts, that after the statement he made on 10 July, Pinochet had even fewer followers.

This is so, Saldivar adds, because the serious situation Pinochet created with his statement should elicit discussion among his colleagues of the Armed Forces about the advisability of continuing down that road. I do not mean that the opening should come through conspiracy or division within the Armed Forces, but because as an institution they can open a possibility for dialogue. This, Saldivar says, is the road to follow in order to stop the increasing polarization of the country.

In the same newscast, Radio Chilena carries statements by Enrique Silva Cimma, president of the Radical Party and the Democratic Alliance. Silva Cimma says that he had thought, in an expression of generosity, about initiating a dialogue in response to the questions that were asked publicly by one of the generals of the Armed Forces, General Danus, who expressed his desire to know the thoughts of the opposition leaders. We wanted to talk with the Armed Forces, Silva Cimma asserts, because in that way they can understand that the people of Chile want to return to democracy through a peaceful process, a political way out. Pinochet is the chief of the Armed Forces, and we have no objections to talking with him in order to tell him that negotiations are necessary to stop the social mobilization.

Our intention, however, was dashed by the Concepcion speech, Silva Cimma concludes. That speech was a public answer to our efforts to initiate a dialogue, Silva Cimma adds, but nevertheless we will persist in our efforts to hold a dialogue with the Armed Forces, and we will back the leaders of the National Civic Assembly in every way.

JOURNALIST SUBMITS DOCUMENTS FOR 1989 PLEBISCITE

PY150257 Santiago Radio Chilena in Spanish 1700 GMT 14 Jul 86

[Excerpt] Federico Willoughby, a journalist and political leader, this morning officially applied to run in the 1989 plebiscite. His nomination must be approved by the commanders in chief of the Armed Forces and the Carabineros director. Willoughby forwarded the appropriate notes to the Defense Ministry.

Willoughby made the following statements to the "Primera Plana" program.

[Begin recording] This morning we forwarded to the commanders in chief of the Armed Forces and the Chilean Carabineros director the note I referred to on the "improvising" program, broadcast by radio Chilena. The note proposes my name or that of any other civilian or uniformed Chilean citizen to run in the plebiscite established under Provisional Article 27 of our Constitution.

If this proposal is not approved, the note proposes that the proper article in the Constitution be amended to allow open elections. The note also suggests that if the candidate holds a political-administrative position it would be appropriate -- to ensure the purity of the plebiscite -- for said nominee to temporarily relinquish such a position during the campaign period to allow a pure and clean campaign and election. [end recording] [passage omitted]

COPPER WORKERS CONGRESS BACKS SEGUEL PROPOSALS

PY150110 Madrid EFE in Spanish 1532 GMT 14 Jul 86

[Text] Santiago, 14 Jul (EFE) -- Only 2 of the 98 leaders of the powerful Confederation of Copper Workers [CTC] have disagreed with the proposal presented by the workers' leader, Rodolfo Seguel, during the CGT Congress. The voting on the final conclusions of the congress favored Seguel's motions. There were 93 votes for, 2 against, and 3 abstentions on his proposal, including the vote by Hugo Estivales, state counselor named by General Augusto Pinochet.

Among the main agreements adopted by the representatives of the 23,000 workers of the Chilean copper mines is the support for Seuguel's suggestion to keep the CTC in the National Workers Command and the National Civic Assembly. Another of the approved items refers to "the rejection of the last statement" by Pinochet regarding his intention to "extend" his term of office beyond 1989.

BRIEFS

NEW LIBERAL PARTY PRESIDENT -- Carlos Barrientos, a surgeon, was unanimously elected president of the Liberal Party [PL] during a PL national convention yesterday in Santiago. Barrientos replaces Gaston Ureta, who recently resigned. [Summary] [Santiago EL MERCURIO in Spanish 30 Jun 86 p C 5 86 PY]

NEW CIVIL DEFENSE DIRECTOR -- Brigadier General Alfredo Mujica Collados has been appointed director general of the Chilean Civil Defense, replacing Colonel Diego Grez, retired, who resigned "for strictly personal reasons." [Summary] [Santiago LA TERCERA DE LA HORA in Spanish 1 Jul 86 p 14 PY]

FOREIGN MINISTER URGES END TO C.A. INTERVENTION

PA111937 Quito Voz de los Andes in Spanish 2330 GMT 9 Jul 86

[Text] Foreign Minister Edgar Teran Teran has said that Ecuador feels that all forms of foreign intervention in Central America must cease, so that the countries in that region can elect their own forms of government.

International pressures have been exerted in Central America, preventing the countries in the area from finding a formula by which they can choose the form of government that best suits them, Teran said at a news conference.

He added that Ecuador's foreign policy regarding Central America is based on two ideas: rejecting all types of interventionalism and supporting the implementation of true democratic systems.

Teran said that the nonintervention principle should be followed without exception by all sectors involved in the Central American conflict.

FRENCH OFFICIAL BRINGS LETTER FROM PREMIER

PA111203 Quito Voz de los Andes in Spanish 1130 GMT 9 Jul 86

[Excerpt] Foreign Minister Edgar Teran Teran has stated the following regarding the official visit by the French secretary of state to the foreign affairs minister:

[Begin Teran recording] Minister [as heard] Didier Bariani has delivered to President Leon Febres Cordero a personal letter from the French prime minister, and he has made even more solemn the ceremonies to mark the 250th anniversary of the arrival in what is now Ecuador of the French geodetic mission. In the long history of good cultural and scientific relations between Ecuador and France, one of the most important episodes was the arrival of the geodetic mission. [passage omitted] [end recording]

CRUDE OIL PRICE DROPS BELOW PRODUCTION COST

PA121432 Quito Voz de los Andes in Spanish 1230 GMT 12 Jul 86

[Text] The price of Ecuadoran crude oil has dropped and is now below its production cost per barrel, placing the investment price per barrel at more than $2 [as heard] above the market price.

The crisis in the international oil market has severely affected the country's economic structures. Specifically, in the case of the Ecuadoran State Petroleum Corporation [CEPE], the prices of long-term exports are being set below the production costs.

According to official information, CEPE reduced the price of its shipments to $8.36 yesterday, although it must invest $10 per barrel of crude produced in the northeast fields.

Production Reduced by 5 Percent

PA141824 Buenos Aires REUTER in Spanish 1709 GMT 14 Jul 86

[Text] Quito, 14 Jul (REUTER) -- Ecuador, a lesser member of OPEC, has announced that, beginning today, its crude oil production will be reduced by 5 percent, an important government source has reported.

The announcement was made during a news conference by energy minister Javier Espinosa. He noted that beginning today the daily production, which had been 303,000 barrels, will now drop between 285,000 and 288,000 upon a recommendation from OPEC.

OPPOSITION ADOPTS COMMON PLATFORM IN LEGISLATURE

PA111645 Quito Voz de los Andes in Spanish 2330 GMT 9 Jul 86

[Text] Strengthened by its victory in the recent legislative elections, the Ecuadoran political opposition has announced that it will adopt a common platform in the unicameral congress to be inaugurated on 10 August to reject the antipopular and antinational policy of Leon Febres Cordero's government.

The six center-left political parties that make up the so-called Progressive Bloc won the majority of congressional seats following the 1 July elections.

In a nine-point press communique signed by the leaders of the six parties, the political groups state that they will maintain a firm and democratic opposition in congress against the government's antipopular and antinational policy, as well as against despotism and abuse of power.

The parties that comprise the Progressive Bloc are the Popular Democracy, of Christian democratic tendency; the Democratic Left, of social democrtic tendency; the Ecuadoran Roldosist Party, populist; the Ecuadoran Socialist Party, Marxist; and the Communist Broad Front of the Left and Democratic People's Movement.

According to unofficial reports, so far the six parties have won 42 of the 71 congressional seats, which is more than 50 percent.

The three center-right political parties -- Social Christian, Liberal, and Conservative, who together with other coalitions took Social Christian President Febres Cordero to power -- have won 18 seats.

Three other parties -- the Concentration of Popular Forces, the Alfarist Radical Front, and the Democratic Party -- which in the past have either supported the government or the opposition, won a total of nine seats.

The opposition's Change and Democracy Party won one seat, while the remaining seat will go the Carlos Peraud, an independent deputy who has openly opposed President Leon Febres Cordero.

GARCIA SUFFERING FROM BRONCHIAL CONGESTION

PA142101 Paris AFP in Spanish 2031 GMT 14 Jul 86

[Text] Lima, 14 Jul (AFP) -- President Alan Garcia is suffering from bronchial congestion, which has forced him to postpone at least one official act, the Presidency's Press Secretariat reported today. The explanation about the young president's ailment was given when an event in which Garcia was to be decorated with the medal of the national congress by Senate President Luis Alberto Sanchez was postponed for 2 or 3 days. The ceremony was to have been held today in the Government Palace, it was announced.

CABINET SUBMITS PROTOCOLARY RESIGNATION

PY141411 Lima Radio del Pacifico in Spanish 1300 GMT 14 Jul 86

[Text] In what is looked upon as a protocol step, all the ministers of the Cabinet yesterday submitted their resignations to the president, who is now at liberty to confirm them or make changes to the team of ministers. This step has been taken just a few days before the president will read his message to the nation in Congress on 28 July. In his message the president will announce his new team of ministers, and it is rumored that there will be a few changes. One of the changes will be the appointment of a new justice minister, following the resignation of Dr Luis Gonzales Posada several weeks ago.

There is speculation in the newspapers regarding which ministers will leave as of 28 July and their possible successors. The morning papers and some magazines assert that the Navy, fisheries, labor, education, and industry ministers, among others, will be replaced.

SALINAS ON TERRORISM, ROLE OF ARMED FORCES

PY141853 Lima Panamericana Television Network 0100 GMT 14 Jul 86

[Interview with Interior Minister Abel Salinas by Fernando Vazques; date and place not given -- live or recorded]

[Excerpts] [Vazques] Good evening, Mr Minister.

[Salinas] Good evening.

[Vazques] In your opinion, why is there still terrorism in the country?

[Salinas] Well, it is evident that subversion -- I refer to the Shining Path and the Tupac Amaru Revolutionary Movement -- indends to introduce murder as an instrument in an attempt to change the course of the country's future and thus accomplish their goals. For that reason, these treacherous and cowardly murders are apparently a weapon to be used in the political struggle.

[Vazques] And what steps will the government take in its fight against terrorist actions?

[Salinas] In my opinion, there are two clearly different aspects in the field of subversion. One is related to a long-term process, which is a consequence of an answer to decades of injustice experienced particularly by the inhabitants of the Andean region and by the poor. There is another immediate aspect: to use the law and the Constitution to fight against those who commit crimes and murder. To fight them we will continue to use a firm and steady hand, as an organized and law-abiding country should.

[Vazques] Before the elections which made him president, Alan Garcia stated the following: I do not know what the Armed Forces are doing in Ayacucho, fighting an invisible enemy, without having a definite field of battle. However, as you and all Peruvians know, the Armed Forces are no longer in Ayacucho only, but also in Lima. What has changed to bring about the current situation?

[Salinas] Our actions and the presence of the Armed Forces, particularly in Lima, have a dissuasive and preventive character, which has been welcomed by the people. I remember that the polls we have conducted, as well as those you must have conducted, showed that the people gladly welcomed this preventive measure. [passage omitted]

[Vazques] Mr Minister, the Executive Board of the American Popular Revolutionary Alliance [APRA] released on 30 June a public statement mentioning the existence of two lefts -- one loyal to the government, and another in favor of violence. Do you earnestly believe that there is a left in favor of violence, one that possibly supports subversion in the country?

[Salinas] What I believe is that there is not necessarily a loyal left, and another in favor of violence...

[Vazques, interrupting] This is what the APRA document states...

[Salinas continues] ...what exists is a left that believes in the democratic mechanism. When they refer to violence, they do not necessarily refer to any party enjoying public and political life in the country.

[Vazques] Not to any party participating in Congress, then?

[Salinas] No, to none of them, because if they rejected the democratic mechanism they should not be there.

[Vazques] And what did deputies Valencia and Leon Alegria refer to when they accused the National United Party [PUN], which participates in Congress and belongs to the United Left, of financing subversion in the country?

[Salinas] Neither of the two deputies has accused the PUN of financing subversion. What is being analyzed and discussed is the propriety of a certain kind of language, propaganda, and proposals used by these parties, whether or not they obey current laws and the Constitution. [passage omitted]

500 SHINING PATH MEMBERS ATTACK POLICE STATION

PY140208 Madrid EFE in Spanish 1946 GMT 13 Jul 86

[Text] Lima, 13 Jul (EFE) -- During an attack on a police station in Apurimac Department by some 500 suspected members of the Shining Path, 2 civil Guardsmen were killed and another seriously wounded.

The attack occurred early Saturday in Chacapuente, 92 km from the department capital of Abancay, 970 km southeast of Lima. According to police sources, the terrorists attacked the police station with incendiary bombs.

Corporal Ricardo Mendoza, 40, and Civil Guardsman Rember Mendoza, 24, were killed, and Civil Guardsman Juan Paco was seriously wounded. After the attack on the police station, the terrorists entered the town and dynamited two vehicles, one belonging to the municipality and another to the Transport and Communications Ministry.

Before leaving the town, the terrorists sacked two stores and, according to reports, stole all the arms and ammunition from the police station.

POLICE CAR BLOWN UP; LOCAL OFFICIAL MURDERED

PY142001 Madrid EFE in Spanish 1556 GMT 14 Jul 86

[Text] Lima, 14 Jul (EFE) -- According to a report by the local authorities in the southern city of Arequipa, subversive elements threw bombs at a police car, causing considerable damage. At Huayhuas in Huanta Province of Ayacucho Department, the deputy provincial governor and his father have been murdered.

In Arequipa, about 1,000 km south of Lima, terrorists placed explosives under a police car at midnight last night. The car was parked in front of the barracks of the 3d Region of the Civil Guard.

According to a report published by the newspaper EL NACIONAL, the car was destroyed and several nearby houses were seriously damaged by the explosion.

On 11 July the same newspaper carried a story about 60 Maoist Shining Path guerrillas who raided the peasant community of Huayhuas and captured Deputy Governor Marcelino Corichaugua and his father, Teofilo Corichagua, 60.

Later, their bodies were found on the Huanta-Ayacucho road with their throats cut. The bodies were bound and blindfolded.

BRIEFS

PREFECTS TENDER RESIGNATIONS -- In a private meeting at Government Palace today, Lima Department Prefect Jorge del Castillo tendered his resignation to President Alan Garcia. He will be replaced by the deputy prefect until President Garcia appoints another prefect. Del Castillo's resignation practically confirms his candidacy in the Lima municipal elections. Callao port captain Victor Raul de la Torre (Cima) has also tendered his resignation. [Excerpts] [Lima Panamericana Television Network in Spanish 0330 GMT 12 Jul 86 PY]

GOVERNMENT REPORTEDLY REACHES AGREEMENT WITH IMF

FL150155 Mexico City NOTIMEX in Spanish 0100 GMT 15 Jul 86

[Text] Washington, 14 Jul (NOTIMEX) -- Quoting Gustavo Petricioli, Mexican finance and public credit secretary, the Knight-Ridder [newspaper] chain has reported that Mexico and the IMF have reached a principal agreement and could resolve the technicalities within 1 week. Informed sources said the information is basically correct, but the figures in the agreement need refining.

For their part, Mexican sources indicated that this action appears logical, and they asked for more time to confirm the declarations attributed to the Mexican finance secretary. According to Knight-Ridder, Petricioli said the principal obstacles were resolved and much progress was made over the weekend in negotiations with IMF Director Jacques de Larosiere. There is complete agreement on Mexico's economic program, said Petricioli, who stressed that the IMF is in agreement with any budgetary deficit that does not take into account domestic interest payments and that adjusts budgetary figures to changes in oil prices. That measure, more than any other measure, would allow reduction of the deficit. The general result would be a nonrecessive program for Mexico, which is expected to grow between 3 and 4 percent between 1987 and 1988.

That was the main problem during the negotations of the past few days even though informants stressed that it was a superficial problem. Well-informed sources pointed out, nevertheless, that the IMF will not consider an agreement finalized until there is complete agreement on the figures.

For its party, the IMF declined to comment on the matter. According to the report, Petricioli will return to Mexico Tuesday. The bank committee and Angel Gurria, Mexican Finance Secretariat loan director, will hold negotiations on Wednesday in New York. Petricioli is meeting today with Paul Volker, director of the Federal Reserve (central bank), and (Barber Connable), new World Bank director.

The finance secretary is meeting on Tuesday with James Baker, U.S. Treasury secretary. A Treasury spokesman says this meeting is one of protocol.

Petricioli arrived here last Thursday, and some versions indicated it is possible that the agreement between Mexico and the IMF may be signed 15 July.

DE LA MADRID STRESSES POWER OF NONALIGNED MOVEMENT

FL112040 Mexico City NOTIMEX in Spanish 1605 GMT 11 Jul 86

[Text] Sarajevo, Yugoslavia, 11 Jul (NOTIMEX) -- The spirit and principles of the Nonaligned Movement have made the movement one of the world's most powerful forces, President Miguel de la Madrid has said.

In an interview that the Sarajevo daily newspaper OSLOBODJENJE will publish today, De la Madrid expressed the opinion that the Nonaligned Movement, to which Mexico belongs as an observer nation, has to face numerous challenges, especially that of the growing East-West confrontation. He added that it also faces accelerated rearmament, the disregard of the right of the people to exercise self-determination, and the growing separation between the rich and poor nations.

Referring to the most important achievements of the Nonaligned Movement, the Mexican president stressed the efforts of the member-countries to resist pressures from the East and West, and their contributions to the process of decolonization in recent decades.

Regarding the foreign debt, he said that Mexico refused to accept unilateral solutions and that his government is willing to resolve the debt problem through dialogue and agreements. He also said that for the debtor nations, many of which are Latin American countries, their foreign debts are the key to the future of their sovereignty and independence.

SEPULVEDA TO DISCUSS DEBT, REGIONAL SITUATION

FL141736 Mexico City NOTIMEX in Spanish 1647 GMT 14 Jul 86

[Text] Brussels, 12 Jul (NOTIMEX) -- Foreign Secretary Bernardo Sepulveda Amor will arrive tomorrow in The Hague to discuss with Netherlands authorities the Mexican debt and political situation in Central America. According to sources in the Netherlands Foreign Ministry, Sepulveda and Prime Minister Ruud Lubbers will hold talks on the political situation in Central America and the specific role being played by Mexico within the Contadora Group.

Likewise, the possibility that the Netherlands might lend support to the peace-seeking group from a European perspective will also be examined, as well as defining the political action that the Netherlands could undertake in international financial circles in that respect. Regarding Mexico's foreign debt, Sepulveda will meet with Finance Minister Omno Rudyn [name and tile as received], with whom he will examine the debt as a result of the drop in the price of oil, the main source of Mexico's foreign currency. The importance of these conversations is fundamental, inasmuch as Minister Rudyn is chairman of the IMF provisional committee and president of the group of the 10 more industrialized countries. Rudyn's position on the debt was demonstrated during the last EC finance ministers council meeting, when he said the Baker Plan gives an opportunity to the debtor countries to assume their responsibilities. He also said the industralized and developing nations should adopt anti-inflationary measures, as well as seek political solutions so that debtors can pay without giving up their economic growth.

SEPULUEDA VISITS SPAIN, PORTUGAL; HOLDS TALKS

For reportage on the visit to Spain and Portugal by Foreign Secretary Bernardo Sepulveda Amor, including accounts of his talks with Spanish and Portuguese leaders, see the Spain and Portugal section of the 10 July Western Europe DAILY REPORT and subsequent issues.

RIVA PALACIO TO VISIT CENTRAL, SOUTH AMERICA

FL111645 Mexico City NOTIMEX in Spanish 0340 GMT 11 Jul 86

[Excerpts] Mexico City, 10 Jul (NOTIMEX) -- The president of the Mexican Grand Commission of the Chamber of Deputies, Antonio Riva Palacio, Commission of the Chamber of Deputies, Antonio Riva Palacio, will begin a working tour tomorrow to Argentina, Bolivia, and Costa Rica to participate in important parliamentary meetings.

Riva Palacio, who presided over the 70th Interparliamentary Conference in Mexico last April, will participate in the 76th Conference of the Interparliamentary union to be held in Buenos Aires, Argentina. [passage ommited]

Likewise, Riva Palacio, during his stay in the city of Santa Cruz, Bolivia, will attend a Latin American Parliament meeting where important subjects, such as drug smuggling, will be discussed. [passage omitted]

Finally, the Mexican senator will travel to Costa Rica where he will meet with that country's Legislative Assembly's president, Rosemery Karpinski de Murillo [as received], and will exchange views on the important tasks parliament members have in the life of nations.

STATE' MUNICIPAL ELECTION RESULTS RELEASED

Chihuahua, Juarez, Durango

PA150420 Mexico City Red Nacional 13 Imevision Television in Spanish 0300 GMT 15 Jul 86

[Text] In Chihuahua, the State Electoral Commission has declared PRI member Fernando Baeza Melendez the victorious candidate in the post for state governor, after counting the votes of the state's 14 electoral districts. According to the president of the Chihuahua Electoral Commission, Baeza Melendez obtained 170,000 votes more than his closest opponent, National Action Party [PAN] candidate Francisco Barrio. He added that the PAN has not yet filed any legal appeal in connection with the electoral results.

It has also been learned that reporters and other employees of Chihuahua's newspapers and radio and television services, and even those of the national television services Imevision and Televisa, are working under death threats issued by PAN members. Incited by Barrio, the PAN members storm the media employees' homes or work sites to threaten and insult them.

Meanwhile, in Ciudad Juarez, PRI member Jaime Bermudez (Guaron) today received from the Municipal Electoral Commission the document confirming that he obtained a majority of the votes.

Municipal Electoral Committee President Lorenzo Gonzalez Lechuga urged the PRI representatives to rule with justice and equity. Bermudez (Guaron) said that his victory is a great responsibility and that, beginning today, he will structure his government program to fulfill the commitments made during the campaign.

In Durango, the Municipal Electoral Committee presented Emilio Gutierrz Valles, PRI candidate to the City Council, with the document confirming that he obtained a majority of the votes. The PRI candidate's victory was announced following a permanent session begun yesterday by the Municipal Electoral Committee. Gutierrez Valles reportedly won by more than 2,000 votes. In Durango, the PRI won all of the state's 38 city councils.

This morning, a group of PAN members illegally seized the offices of Durango's municipal presidency.

Durango Palace Occupied

PA141913 Madrid EFE in Spanish 1820 GMT 14 Jul 86

[Text] Mexico, Federal District, 14 Jul (EFE) -- Today 1,000 militants of the Mexican opposition party, the PAN, occupied the municipal palace of the Mexican city of Durango to protest an alleged electoral fraud perpetrated in order to favor the ruling party, PRI.

The occupation of the municipal palace was headed by Rodolfo Elizondo, the conservative PAN candidate to the governorship of Durango, by Salvador Salun, the mayoral candidate, and by Federal Deputy Joel Rosas Torres, who demanded "respect for the vote" of the people of Durango.

The "PAN members" arrived at the municipal palace at 0020 and planted their party's flag, saying that they will not leave the place "until the official results are annulled and the victory of Salun is recognized."

The government has not made any statements regarding the measures it will take in regard to the occupation of the Durango municipal palace. The Electoral Commission reported that the results of the elections will be released on 20 July, as established by law.

Durango is a state located in the country's central region. Presently the PAN holds the mayorship of the state capital city, and it asserts that some of its candidates will be deprived of their victory. However, the PAN has not presented any proof of the alleged fraud it is denouncing.

Further Chihuahua Results

FL141147 Mexico City NOTIMEX in Spanish 0310 GMT 14 Jul 86

[Excerpt] Chihuahua, Mexico, 13 Jul (NOTIMEX) -- The ruling PRI has won 10 municipalities so far in the northern State of Chihuahua, according to preliminary results of the elections for governor, deputies, and municipal presidents, which were held last Sunday. The opposition PAN, Popular Socialist Party (PPS), and the United Socialist Party of Mexico (PSUM) have won in only one municipality.

The president of the State Electoral Commission, Gilberto Baca Beltran, said that out of the 67 municipalities in the state, the results in 12 of them have been announced. Of this, the PRI won in Delicias, Belisario Dominguez, Aquiles Serdan, San Francisco del Oro, Ciudad Camargo, Matamoros, Bachiniva, Riva Palacio, Cuauhtemoc, and Casas Grandes.

The opposition PPS, PSUM, and PAN won in the municipalities of Gomez Farias and Nuevo Casas Grandes. [passage omitted]

Campeche State Results

FL141237 Mexico City NOTIMEX in Spanish 0544 GMT 14 Jul 86

[Text] Campeche, Mexico, 13 Jul (NOTIMEX) -- The ruling PRI has won the 6 July elections for local deputies with 96 percent of the vote, the Campeche State's Electoral Commission has announced. The president of the commission, Fernando Loyo Moscoso, reported that out of the 135,000 ballots cast, a total of 130,000 citizens voted for the PRI. He said that none of the opposition parties -- the PAN, the PPS, PSUM, the Authentic Party of the Mexican Revolution (PARM), and the Workers' Socialist Party (PST) -- won a seat. He explained that those parties' candidates did not win seats because of a reform law of political organizations and the state's electoral processes which increased from 1.5 to 5 percent of cast ballots, a requirement to have access to the local congress,

He added that the PAN and PST had lost the seat of proportional representation that they held in the 51st Legislature. Loyo Moscoso said the PAN, PST, and PSUM had claimed there was electoral fraud, but to the moment they have not submitted overwhelming proof to support their argument.

PRI Wins in Zacatecas

PA141531 Mexico City XEW Television Network in Spanish 1345 GMT 14 Jul 86

[Excerpt] The official results of the elections were issued in Zacatecas yesterday. The State Electoral Commission said that the victory of the PRI was very clear. In the 13 districts, the PRI obtained 333,624 votes while the PAN obtained 12,349, and the PSUM obtained 7,222. It was reported that there were no incidents during the vote counting, which began at 0900 and ended at 1900. Juan Antonio Castaneda Ruiz, chairman of the Zacatecas Electoral Commission, presented the documents accrediting the 13 PRI candidates as the winners in the race for deputies. [passage omitted]

Michoacan Results

PA141528 Mexico City XEW Television Network in Spanish 1342 GMT 14 Jul 86

[Relay report by Francisco Castellanos from Michoacan -- all figures as heard]

[Text] During the first few minutes of the "Today" newscast, the State Electoral Committee released the official results of the 8 July gubernatorial elections in Michoacan.

The PRI absolutely swept away the opposition parties. According to reports by (Ramon Anguiano), technical secretary of the State Electoral Committee, the PRI obtained a total of 367,306 votes, whereas the nearest competitor, the PAN, obtained 35,021 votes. The PDM, Mexican Democratic Party, obtained 11,825 votes. The PST obtained 3,398 votes; the PSUM obtained 2,275 votes; the PMT obtained 817 votes, and the CPM, Mexican Communist Party obtained 25 votes. This adds up to a total of 443,705 votes counted in 13 of the 18 electoral districts of Michoacan. Only 4,127 votes were invalidated.

It was also reported that this result concerns the gubernatorial race, whereas the results of the elections for deputies will be released today at noon.

Tijuana Results

FL141255 Mexico City NOTIMEX in Spanish 0601 GMT 14 Jul 86

[Excerpt] Tijuana, Mexico, 13 Jul (NOTIMEX) -- While the ruling PRI won in six electoral districts of this northern border city of Tijuana, the opposition PAN claimed victory in the race for the mayoralty of Ensenada and the deputation of that municipality's 14th District.

The president of Tijuana City's municipal Electoral Commission, Salvador Gomez Avila, announced that the PRI candidates had received the certificates accrediting them as elected deputies for the 12th legislature of the State of Baja California.

The PRI obtained 78,845 votes and the PAN 31,991 votes for the new local congress in Tijuana's six districts. The PST placed third as an electoral power. [passage omitted]

BRIEFS

OAXACA OFFICIALS ARRESTED -- Oaxaca, 27 Jun -- A well-organized drug trafficking band has been discovered after the arrest of one agent of the prosecutor's office, one delegate of the National Security Directorate [DSN], and two members of the Federal Judicial Police [PJF] this week. Unofficial sources have reported that Mexican Interpol agents arrested DSN delegate Honorio Hernandez Escancon, Tuxtenec's PJF Commander Aurelio Garcia Raudales, and PJF members Jose Guadalupe Rangel and Moises Martinez. The drug trafficking band, headed by police officials, received the drugs at local airports in Ciudad Aleman and Loma Bonita and took them to Nuevo Laredo, Tamaulipas, in fuel trucks with false bottoms that were escorted by federal agents. [Summary] [Mexico City EXCELSIOR in Spanish 28 Jun 86 pp 1, 3 PA]

OIL PRICES FOR JAPAN -- PEMEX has established new prices for the oil it sells to Japan. Isthmus crude will be sold at $10.65 per barrel and Maya, or heavy crude, at $7.40. As established in the sale agreement, Mexico set its oil prices for Japan on a monthly basis. [Summary] [Mexico City Red Nacional 13 Imevision Television in Spanish 0300 GMT 10 Jul 86 PA]

DEPAT COMMUNIQUE ON PCC DIRECTORS MEETING

PA111734 Panama City LA ESTRELLA DE PANAMA 11 Jul 86 pp 1, A 14

[Text] The Panama Treaty Affairs Executive Directorate (DEPAT) has issued a press communique reiterating Panama's intention of gradually assuming the administration of the Canal. The communique states the following:

Press Communique

At the conclusion of the Panama Canal Commission [PCC] Board of Directors meeting held on 9 and 10 July, the Panamanians on that board and DEPAT report to the people the following:

1. Based on a proposal from the Panamanians on the Board of Directors and for the purpose of guaranteeing that the Republic of Panama will gradually assume greater responsibilities in the administration of the Canal, the board approved the appointment of a Canal Commission group that, in coordination with representatives of the Panamanian Government, will prepare a study aimed at the establishment of an effective program to increase the number of Panamanians who hold executive and management positions in the Panama Canal Commission. It was also decided that at the forthcoming October meeting of the Board of Directors, the board will receive a report from this study group.

2. For the purpose of Panama receiving 10 million balboas from the revenue surplus based on Paragraph 4 (C) of Article 13 of the Panama Canal Treaty, the Panamanians on the Board of Directors firmly spoke about the need for adjusting expenditures to the budgetary allotments for the year 1986, thus avoiding a reduction of the commission's profits and making valid Panama's right to receive total payment of such surplus revenue.

The Board of Directors established that it will spend only budgeted expenditures, which means that the surplus revenue produced during the fiscal year that ends on 20 September 1986 will not be diminished.

The Panamanian members of the Board of Directors reiterated to the board Panama's claim regarding the debt that the U.S. Government must pay to the Republic of Panama, which amounts to 54 million balboas, resulting from surplus revenue not paid to Panama during the 6 years that the Canal Treaties have been in effect and that should have been paid based on these treaties. The Panamanian Government will insist on this through diplomatic channels to the U.S. Government so that there is compliance with Panama's legitimate rights based on what is established in the Panama Canal Treaty.

3. Regarding the study of the Culebra Cut expansion project, the Board of Directors instructed the canal administration to have a financial analysis on this finished by the end of 1986, thus bringing to a conclusion the steps necessary for adopting a final decision on this project. It is suitable to point out that this project is of vital importance for maintaining the Canal's efficiency and competitiveness.

4. The Panama Canal Commission Board of Directors studied and approved the budget for the 1988 fiscal year in spite of protests from the Panamanian members of the board who reaffirmed their position opposed to the inclusion in the budget of expenditures to which Panama has been objecting continuously. Such expenditures allotments represent a violation of the treaties since they do not form part of the Canal operational, functional, or maintenance expenditures.

5. The Panamanian members of the Board of Directors, acting in line with the letter and spirit of the Canal Treaties, made evident at the meeting of the Panama Canal Commission Board of Directors the Panamanian people's aspiration to have Law 96-70 modified. This law prevents an orderly and harmonious implementation of the Torrijos-Carter Treaty. This aspiration is in line with the unflinching decision of Panama, which expects to receive at the beginning of the next century a Canal that meets the requirements of modern international maritime commerce.

MATUTINO VIEWS RESULTS OF CANAL BOARD MEETING

PA111727 Panama City MATUTINO in Spanish 11 Jul 86 p 4 A

["At the Moment" column: "Regarding the Canal Commission Meeting"]

[Text] The conclusions reached by the Canal Commission in its latest meetings were varied, interesting, and very significant, beginning with the creation of a commission to study and recommend an effective program to implement a truly functional program to increase the number of Panamanians in executive and management positions in the Canal Commission.

The decision had been awaited with great expectation by the Panamanian public, because it is obvious that Panamanian personnel should be given priority in those positions that apparently are being given, almost exclusively, to North Americans -- something that in no way follows the letter and much less the spirit of the Torrijos-Carter Treaties.

It was also interesting to see the firm position of the Panamanian members regarding statements that the commission's expenditures must be in line with this year's budget allocations, something that will prevent a significant decrease in the commission's profits. In turn, this will increase the net profits that Panama is demanding it has an unquestionable right to receive. With the Board of Directors' approval, the surplus will not be touched. This will logically be beneficial to Panama.

Another position that is worthy of attention and support is the one that the Panamanian directors upheld with regard to again requesting that the U.S. Government pay our government the $54 million it owes it from the nonpayment of the surplus during the first 6 years the Torrijos-Carter Treaties have been in force. Our government's determination to firmly and insistently demand payment of that debt through diplomatic channels is also worthy of support.

By setting the end of this year as the deadline for presenting the financial study on widening the Culebra Cut, the commission's work is becoming more dynamic, anad in this way decisions will be made on the projects that seek to maintain the efficiency and competitiveness of the Canal.

The U.S. members' attitude in approving the inclusion in the 1988 fiscal year budget of allocation that Panama constantly opposes is very significant. This is one more of many U.S. violations of the treaties, which on some occasions seem to have become a dead letter for those who unilaterally interpret and implement those agreements.

However, we believe that the point which has had the greatest impact on the meeting is the fact that the U.S. members of the Board of Directors judged that the auditing of the Canal expenditures is unacceptable, while at the same time the North Americans have been trying to obtain the establishment of laws that will permit them to stick their noses into Panama's banking activities.

ABADIA ON DEMAND FOR PAYMENT OF CANAL SURPLUS

PA131834 Panama City Televisora Nacional in Spanish 1730 GMT 12 Jul 86

[Text] Foreign Minister Jorge Abadia Arias has said that Panama will demand that Washington pay it the surplus money from the Panama Canal operations.

[Begin recording] This is merely the reiteration of an old Panamanian position regarding the claim of what is owed us. For some time we have been attending to this matter through diplomatic channels. I was working on this even before I took over the Foreign Ministry. We will go deeply, seriously, and hierarchically into this claim, through the diplomatic channels, because we think that the Panamanian demand is just and reasonable and that it should be met by the U.S. Government. [end recording]

STUDENTS STAGE DEMONSTRATIONS ON CENTRAL AVENUE

PA141817 Panama City Circuito RPC Television Network in Spanish 1738 GMT 14 Jul 86

[Broadcast in progress]

[Excerpts] ...to protest the closing of the Melchor Lasso de la Vega Arts and Crafts School by the Education Ministry. The National Institute secondary school students also protested the arrest of Miguel Antonio Bernal, a law school professor of the University of Panama. The students' action blocked normal traffic on Central Avenue for a few minutes. The stores on this important avenue of the city were forced to close their doors to prevent nonstudent groups from taking advantage of this situation. [passage omitted]

Education Minister Manuel Solis Palma said that he will not close the National Institute. However, he will expel the students who staged today's vandalism.

[Begin Solis Palma recording] The initial plan was to close the school, but as the great majority of the students condemned those who went to the streets, we decided to keep the school open, especially because it is celebrating the golden anniversary of the 1936 class.

The attitude of those who went into the streets goes beyond the usual student protests. The action of open aggression against the Defense Forces and individuals cannot be permitted. I have spoken with the school director so that direct measures will be taken against those responsible. Those measures should range from temporary to total expulsion for the rest of the year. A student expelled in these circumstances cannot enroll in another school at least for this year, and in accordance with the gravity of his action perhaps not for several years. I received reports today about the situation that took place on Friday at the Arts and Crafts school. I think the decision to suspend classes today and tomorrow is good, and we will uphold this decision until we study the situation to decide what we will do with this school. Nevertheless, the discontent there does not appear to be serious so we hope that classes will be resumed there without any problem on Wednesday. [end recording]

COLUMNIST SAYS CHURCH SIDING WITH OPPOSITION

PA141551 Panama City LA REPUBLICA DOMINICAL in Spanish 13 Jul 86 p 4a

[Secundino Torres Gudino column: "The Archbishop's Unjustified Fears" -- uppercase passages published in boldface]

[Text] The constant agreement between statements by the church hierarchy and the campaigns or activities of the opposition have been reported on several occasions. These statements promote and endorse such protests and movements.

There are many cases where there have been disagreements between the groups that support the government and those of the opposition. However, the church has reinforced the actions of the latter. The hierarchy has shown complete PARTIALITY in the case of the guerrilla-doctor. In addition, it has been noted that the church has exhibited a remarkable leaning toward the slogans that are promoted by the groups or sectors that support the lies and insults against top officials of the government and the public force, particularly against Commander Noriega.

It is obvious that now, as a result of the accusations against opposition reporters and radio commentators for crimes against the honor of others, THE HIERARCHY IS POINTING OUT THAT THE CITIZENS ARE AFRAID OF THE ADMINISTRATION OF JUSTICE AND STATES THAT THE ARREST OF JOURNALISTS MAKES ONE THINK TWICE BEFORE STEPPING TWICE INTO AN OFFICE. (Front page of LA PRENSA, Saturday, 12 July 1986) These remarks clearly show that the church is on the side of the opposition.

However, nothing new has been said. A group of intellectuals has promoted changes in the administration of justice for more than a decade, and a strong movement that favors the regulation of preventive arrest, which has been affected by Article 22 of the Constitution, has been under way since 1983.

But the church's participation in this drive has been negligible. The lawyers and the university which share the church's views have not expressed their opinion on this matter. However, the discussion of the Judicial Code, which is aimed at putting an end to hasty arrests, never obtained the church's contribution. But now this issue is a top priority problem. It is a problem that has made constant victims out of common and humble men. It is a problem that certain responsible intellectuals who defend human rights have reported many times and have promoted the adoption of measures and rules that are more in line with the personal liberty of individuals but within the framework of the laws that regulate the penal process.

The fears announced by the church hierarchy are unjustified. This matter involves the implementation of procedural rules that date back to 1917. According to the rules of the new Judicial Code, the liberty of the accused, following his interrogation will be treated differently because this code also regulates bail in a different manner.

COSTA RICA

OFFICIALS COMMENT ON CAMPAIGN AGAINST DRUGS

PA142239 Paris AFP in Spanish 1552 GMT 13 Jul 86

[By Isabel Ovares]

[Excerpts] San Jose, 13 Jul (AFP) -- The flourishing million-dollar drug trafficking business has turned defenseless and impoverished Costa Rica into one of the main bridges to transport cocaine from South America to the United States.

Government Minister Guido Fernandez told AFP that one-fifth of the drugs consumed annually in the U.S. market -- equivalent to $500 million -- passes through Costa Rican territory. Fernandez admitted the seriousness of the problem and announced the implementation of a number of measures to control the drug traffickers, who are taking advantage of the country's vulnerability in the security area.

Fernandez said: As a first measure, the unrestricted issuance of visas to citizens of various South American countries where well-known international bands of drug traffickers operate has been suspended. "Now all those visas require previous consultations, so as to have better control," he said. Minister Fernandez stressed that the Costa Rican Government has intensified its actions against drug trafficking, within its capabilities. [passage omitted]

Meanwhile, Attorney General Fernando Cruz said that the drug trafficking situation in Costa Rica "has deteriorated" recently due to the tight controls exerted in other countries as opposed to Costa Rica's vulnerability. Cruz said that the fact that the country does not have an army, that it maintains a policy of open borders, and that there are slack security measures at the airports favors the drug trade.

Cruz added that "the drug business is highly profitable in an underground or clandestine economy." In this regard, Cruz stressed that Costa Rica's liberal policy, together with scant police and fiscal controls in the country, also encourages drug trafficking. Cruz pointed out that exports are often promoted without much control, and this allows the establishment of businesses that are not only involved in the laundering of dollars -- an activity in which Costa Rica ranks third in Latin America -- but also in drug trafficking. [passage cmitted]

Finally, Cruz and Fernandez acknowledged the possibility that Costa Rica is not only being used as a bridge for international drug trafficking, but also as a base for processing the drug and transporting the final product from here to consumers in the big U.S. market.

EL SALVADOR

PHILIP HABIB CONFERS WITH PRESIDENT DUARTE

PA122243 Panama City ACAN in Spanish 0210 GMT 12 Jul 86

[Excerpt] San Salvador, 11 Jul (ACAN-EFE) -- Today Philip Habib, U.S. special envoy for Central America, met in absolute secrecy with President Jose Napoleon Duarte and military authorities.

Habib's visit to this country was kept absolutely secret from the press. An unidentified U.S. Embassy spokesman in El Salvador said: "Habib was here and has departed for Guatemala. However, I cannot say anything because I did not attend the talks." So far President Duarte has not reported on the subjects discussed with the White House's special envoy for Central America. Philip Habib is touring the Central American countries to learn about the status of the peace efforts of the Contadora Group) Mexico, Colombia, Venezuela and Panama). [passage omitted]

VENCEREMOS REPLIES TO DUARTE'S GOTERA SPEECH

PA131824 (Clandestine) Radio Venceremos in Spanish to El Salvador 1400 GMT 13 Jul 86

[Excerpts] In previous casts and in the initial portion of this cast, we broadcast the politicial proposal issued by the FDR-FMLN and read by Commander Joaquin Villalobos. This proposal set forth the FDR-FMLN's views on and desire for a political solution to the conflict. No more words are necessary to prove the seriousness and responsibility of our front's proposals. It is sufficient to listen to any local or international report, including those broadcast over the U.S. state radio, to evaluate the prominence our political offer has received and the seriousness with which it has been treated.

This proposal created great expectations in all sectors of Salvadoran society. The expectation focused on how Napoleon Duarte would react to our proposal. Duarte created a climate of expectation in connection with his visit to San Francisco Gotera and the speech he would make there. Everyone waited for Duarte's response with intense interest. Radio Venceremos will now rebroadcast excerpts of the speech that Napoleon Duarte made in San Francisco Gotera on 12 July. [passage omitted]

The speech/charity show that Napoleon Duarte gave in San Francisco Gotera on Saturday is an extrordinary example of irrationality, despair, and demagoguery. It went beyond the worst expectations. All of El Salvador was waiting for an answer, a proposal, a responsible response to the FDR-FMLN political proposal. Instead, Duarte removed his mask and delivered an irrational address, heavy with shouting and words without meaning, which exposed the deep scars that the confrontation with the policies and accomplishments of the organized people, who wage war to attain peace with dignity in El Salvador, have left on Duarte. [passage omitted]

All of the people listened to Napoleon Duarte. However, they did not hear any reasons, proposals, or response to the people's demands for dialogue, peace and justice. They also did not hear a response to the FDR-FMLN proposal.

What will Rey Prendes, [Deputy Communications Minister] Viera, Msgr Rosas Chavez say about Duarte's propaganda show now that his views on the dialogue are clear? Will the third dialogue meeting be a propaganda show during which Duarte will do all the yelling and no one else will speak? Will the meeting simply be a framework for Duarte's madness, for his demagogic words without meaning? Where are his proposals? Where is his plan? Are the six sewing machines [Duarte gave away in San Francisco Gotera] his response to the half-million refugees, a working class that is desperate, strangled by the packaged swindle? Where is Napoleon Duarte's program for the mothers of the soldiers recruited by force and killed in combat? We urge them to listen closely to Napoleon Duarte's speech, to think about its hysterical quality, about Duarte's despair and isolation. He is the chief of the Army in which soldiers are risking their lives. What plans will you soldiers die for?

To conclude, and we already said this, our supporters and fighters can find in Napoleon Duarte, his madness and irrationality, a clear reflection of the current situation of the enemy and of the results of the sacrifice, discipline, and ingenuity of our fighters. The action of our guerrilla units, regular battalions, militias, and clandestine guerrillas have driven Napoleon Duarte totally crazy.

We ratify our political proposal. We reaffirm our willingness to enter into a dialogue. We have proposed the date and place. We believe the dialogue must take place face-to-face with all the Salvadoran people. However, Duarte's madness speaks for itself.

GUATEMALA

HABIB ARRIVES, MEETS WITH FOREIGN MINISTER

PA131755 Panama City ACAN in Spanish 1950 GMT 12 Jul 86

[Excerpts] Guatemala City, 12 Jul (ACAN-EFE) -- The White House special envoy to Central America, Philip Habib, was not received today by Guatemalan President Vinicio Cerezo. Philip Habib arrived this morning in Guatemala, the last stop of his fifth "fact-finding" tour through this area, the U.S. Embassy confirmed here to ACAN-EFE.

The U.S. Government's special envoy arrived aboard a private plane at the Guatemalan Air Force [FAG] airport south of Guatemala City, where he was received by U.S. Ambassador Alberto Martinez Peidra. Habib, who avoided all contact with the press, went directly to the presidential house, where he met with Foreign Minister Mario Quinonez Amezquita. President Vinicio Cerezo excused himself from receiving Reagan's special envoy "due to inescapable commitments," the presidential public relations secretary confirmed.

The topics discussed by the Guatemalan foreign minister and Habib remained absolutely secret, although one presidential source -- who requested that his name be withheld -- said that the United States is interested in the Guatemalan stand concerning the regional conflict." [quotation marks as received] He added: "Undoubtedly, they discussed the signing of the Contadora peace document and the recently approved economic assistance from the United States for the anti-Sandinists." The Foreign Ministry announced that "for the time being, there is no other information concerning the purpose of Mr Habib's visit, because he left in the same sudden manner that he arrived."

Guatemal has defined its policy of "active neutrality in the Central American conflict" and Foreign Minister Quinonez Amezquita reiterated: "We are willing to give our wholehearted support to the efforts of the peacemaking group." The Guatemalan foreign minister stated that the group formed by Mexico, Panama, Venezuela, and Colombia "is the only means for achieving peace in Central America."

Habib is making his fifth "fact-finding" tour through the area -- excluding Nicaragua -- in order to learn how the goverments in the area feel about signing this document. [passage omitted] Former Guatemalan ambassador to Mexico, journalist Jorge Palmieri, said today that Habib's visit "has been announced by stereophonic trumpets and drums that we hope are not announcing war." Palmieri feels that the tour of Reagan's special envoy is "to tell the rulers of these small and underdeveloped nations what Uncle Sam would like us to do."

He described Habib as "a man of few words and fewer smiles." Because "of his Lebanese ancestry, Habib will not waste much time with protocol and beating around the bush." The U.S. Embassy has confirmed that Habib will leave today for the United States, after having visited Costa Rica, El Salvador, Honduras, and Guatemala.

CEREZO DISCUSSES BENEFITS OF TRIP TO MEXICO

PA100137 Guatemala City Trecevision in Spanish 0300 GMT 9 Jul 86

[Speech to the nation by President Marco Vinicio Cerezo Arevalo in Guatemala City on 8 July -- recorded]

[Excerpts] As usual, I am going to explain my work activities for the benefit of the Guatemalan people. You know that I visited Mexico recently. On this occasion I am going to speak about my activities in Mexico and the results of this visit, and I also decided to talk to you about the trips abroad which have been mentioned recently by certain journalists and political parties. They have been discussing the advisability or inadvisability of these trips. I want to tell you that, as usual, I will be telling you the truth. As you may recall, during my election campaign I promised that no matter what we were doing or what was happening, whether good or bad, the important thing was that I would always tell you the truth.

On this occasion I must tell you the results of the trip to Mexico, just as those of most trips I have made abroad, were truly positive. We accomplished two things, basically. First, we extolled Guatemala's name. Our country and nation has been in a very difficult situation during its era of isolation and because of the unpopularity of the previous governments. Guatemala is now beginning to recover the fame and prestige it deserves as a nation that historically and politically is important in the region and in many parts of the world.

The reason we make these trips is to claim a leadership that belongs to our country and retake a position that belongs to our nation so that we can contribute to the peace of all nations and the development and progress of our own for the benefit of the Guatemalan people. However, the purpose of these trips is not only to gain prestige. Their purpose is not to make the Guatemalan president famous or make him popular in other nations, but to establish good relations with other countries and reach trade and cultural agreements through the president's friendship and good relations in order to benefit the Guatemalan people directly. [passage omitted]

Certain people are criticizing my trips abroad. As usual, some say that Guatemalans pay attention to only small things instead of big things, and as was said in the past: They lose the right perspective. Imagine, we have been criticized for spending money on our trips abroad [words indistinct] but traveling incurs expenses; on fuel for the plane or tickets for the public officials and their per diem. However, in most cases the countries we visited paid for most of our expenses. They paid for lodging, food, and entertainment. We paid only for the transportation.

For all the trips made by the president, the vice president, and the public officials we have probably not reached the $100,000 figure. However, do you know how many millions of dollars we have obtained during these trips? We have made no more than seven trips. Sometimes the president attended inaugurations, and at other times he went to make direct contacts with the countries involved, as in the cases of Venezuela, Costa Rica, and Mexico. My friends, we have obtained at least $185 million which will be invested for the benefit of the Guatemalans.

When we assumed office, we did not receive a penny in dollars. As you may remember the price of the dollar was going up and the quetzal had been devalued. [passage omitted] However, now we can say that we have the dollars we need for the things we truly need, and for a short time we will have the dollars to go on trips, purchase tickets, or go to Mexico or any country we want because we will be able to buy the dollars in the banks of the system [not further identified] or the Bank of Guatemala, as was done during the good times. [passage omitted]

Of this $185 million, $30 million is a gift to Guatemala, and it will be used to purchase products, medicine, and agricultural supplies that we need to lower the cost of living. But it is important to point out that you have a government that wants to work for the Guatemalan people. We did not go abroad for fun. The Mexican president very kindly asked me to stay and take a trip to Cancun or Acapulco at the invitation of the Mexican Government. But we turned him down because we know that our responsibility lies with the Guatemalan people. If we want to rest we can go anywhere in Guatemala. The important thing is to go out and work for the Guatemalan people.

It is not a matter of getting things through miracles. It is not a matter of instilling in Guatemalans an attitude of waiting for manna to fall from heaven. If we want to live well and have a society in which we can live peacefully, and if we want to create jobs, build access roads and health facilities, we must work to produce them, because all that costs money, and the Guatemalans' money was snatched away by bad Guatemalans in the past. They took that money for their own benefit, going against the Guatemalan people's interests and welfare.

With this trip to Mexico, we took a step forward in two aspects which are fundamental: the reconstruction of Guatemala and its international prestige, but basically it was a step forward to show that the government always tells the truth.

If you want to know what the government is doing, ask the leaders, because if you begin reading things, negative headlines, statements by the other political parties, you will find lies and speculations that are simply aimed to instill a negative attitude in you. It is an attitude against Guatemala, the work we are doing, and the government of the Republic. But be aware that you have not fallen into a trap. You did not fall into that trap during the electoral campaign, and you will not fall into it now.

But the most important thing is that we are promoting a positive attitude in regard to the future. We are creating the awareness that Guatemalans can solve their own problems by finding money here and there and obtaining support in good relations and trade. [passage with indistinct portions omitted]

Regarding the Usumacinta [River], we are going to publish the statement which we signed with the Mexican president because we would rather publish the text so that what we agreed with the Mexicans can be openly seen. Regarding the Usumacinta, I feel that what we decided is the right thing: to draft a study to see how we can use the waters of that river because half of it belongs to the Mexicans and the other half belongs to the Guatemalans without [word indistinct] or hurting the Guatemalans.

Regarding the oil; we went there to discuss two very important matters: that they continue to sell oil to us at low prices, and that they give us technical assistance and advice to better exploit Guatemalan oil, because otherwise our oil will remain under the ground while the Mexicans continue to exploit theirs.

Regarding trade, naturally what we tried to do was to open Mexico's doors to Guatemalan products. Naturally, we vowed to purchase Mexican products as long as they are cheaper, of better quality, and are sold under better conditions than those given to us by other countries in the world. [words indistinct] good commercial relation.

But there are other important things; we reached a good cultural agreement. You know that the Maya ruins have been abandoned for many years, that we do not have good airports, and that these ruins are not clean and have been damaged by those who have been stealing Maya treasures for so long. The Mexicans have agreed to return certain Maya [words indistinct] that were stolen many years ago.

They are worth millions of dollars, but their cultural value is even higher. Their value is incalculable. We have already brought them to Guatemala. We also signed an agreement so that the tourists who visit Mexico can also come to Guatemala and see all that we have. [passage omitted]

You can feel proud that you have a president who is not ashamed of meeting with anyone, with any president of any ideology to discuss benefits for the Guatemalans because we know that we are right and we know how we can work for the benefit of Guatemala's prestige. [passage omitted]

We still have problems. We still have problems, especially regarding prices and violence. Regarding prices, I told you that it will take us this year to stabilize prices. Probably in the future, if we increase production, we can improve prices and force them to drop. Regarding violence, there are groups that are interested in sowing a feeling of insecurity.

Those alarmists who are always trying to make more noise than necessary are saying that violence has increased far too much. It is true there is violence, but we are going to control it through the new security programs.

However, it is very important that you realize that every step we take is a positive step. It is a step toward the rebuilding of our nation and you must help rebuild this house in which we all wish to live in peace. We are not offering miracles. We are asking for another step, another brick. We are working to widen the path. We must work together and perform this great task which is aimed at achieving the perfect coexistence among Guatemalans and complete democracy. A democracy of peace that may bring social development and welfare for all. Slowly my friends, but firmly, showing our good will toward the Guatemalan people.

When someone comes up to you and tells you that the president is traveling a bit too much and that he is spending too much money on these trips, you just answer: Can you spend $100,000 and get $185 million? Of the $185 million, $30 million was a gift, and we may be getting much more. This $185 million is going to be spent on the Guatemalan people, for development, work, and to improve our standard of living.

As I was saying, we are working to rebuild the house we are going back to. Therefore, with your trust and patience, as well as with the work being done by the president and his government, we will all move forward.

NICARAGUA

CHURCH ASKS RECONSIDERATION OF VEGA EXPULSION

PA150440 Paris AFP in Spanish 0351 GMT 15 Jul 86

[Text] Managua, 14 Jul (AFP) -- The Nicaraguan Catholic Church has asked the government to permit the return to the country of Msgr Pablo Antonio Vega, vice president of the Nicaraguan Episcopal conference, who was expelled to Honduras on 4 July. In a letter made public here today, the Episcopal Conference termed as "unjust" and as "violating freedom of religion" Vega's expulsion and the ban on the entry in the country of Msgr Bismarck Carballo, spokesman of the Managua Archbishopric, who took asylum in Miami.

These measures were adopted by the government after Vega and Carballo launched fierce attacks against the government and when Bishop Vega termed the war of the counterrevolution legitimate and justified a possible invasion of U.S. troops in Nicaragua.

In response to the letter, Rene Nunez, Presidency minister, stated in a letter that Vega's expulsion was decided upon in view of "the personal attitude and illegal actions assumed" by the priest and rejected the notion that "the application of the law violated freedom of religion or is a lack of respect for the people's faith." "We believe that the actions of support for the policy of aggression suffered by the devout people of Nicaragua not only violate the laws of the Republic but also constitute a lack of respect for the faith of that very same people," Nunez added.

Meanwhile, the government urged the Catholic leaders to promote "a real and productive (state-church) dialogue that will contribute to easing the difficulties experienced in our country."

COMPENSATION TO BE SOUGHT FROM U.S. AT GATT

PA150121 Managua Radio Sandino in Spanish 0000 GMT 15 Jul 86

[Text] Nicaragua will demand compensation for the damages inflicted by the economic embargo that is being carried out by the United States at the GATT forum that will re-open tomorrow in Geneva, Switzerland. Foreign Trade Minister Alejandro Martinez Cuenca said that Nicaragua's demands have been bolstered by the International Court of Justice [ICJ] ruling at The Hague, which proves that Nicaragua does not represent a danger for the powerful United States.

[Begin Cuenca recording] The illegal measures and violations which have been committed by the United States concerning the GATT agreements...[changes thought] The ICJ's ruling at The Hague strengthens our case because, first of all, it rejects the main argument which has been by the U.S. Government to impose these sanctions against Nicaragua. The U.S. Government has argued that it imposed these sanctions...[changes thought] It has first mentioned GATT's Article No 21, which states that any country may adopt whatever measures it meeds convenient for security reasons.

However, the ICJ's ruling at The Hague has stated quite clearly that security is not involved, so the U.S. Government cannot use this as an excuse to impose actions like theones it has imposed on us. Nicaragua has presented two documents so far. [end recording]

UK ENVOY EXPRESSES SUPPORT FOR ICJ RULINGS

PA150323 Managua International Service in Spanish 0035 GMT 15 Jul 86

[Excerpt] The Chinese, British, and Brazilian ambassadors presented their credentials to President Commander Daniel Ortega Saavedra and Foreign Minister Miguel D'Escoto Brockman in Managua on Monday.

After the usual ceremony, Yu Cheng Gang, the first PRC ambassador to this Central American country, said this:

[Begin Yu recording] Through you, I want to greet the Nicaraguan people and government leaders. I feel the establishment of diplomatic relations between the PRC and Nicaragua will give new impetus to the development of the friendly and cooperative relations between the PRC and Nicaragua. As the first PRC ambassador I will always have the best disposition to foster the development of our relations. I feel there is a good outlook for trade between PRC and Nicaragua. All the details could be discussed [words indistinct]. I think the Central American situation is an important part of the international situation. What is most important is that all parties involved must respect the nonintervention principles. In other words, the Central American people should be allowed to determine their own destinies, to resolve all problems through peaceful negotiations based on equality. [end recording]

British Ambassador Michael Francis Daly said that his government backs the The Hague International Court of Justice's ruling in favor of Nicaragua.

[Begin recording] [Daly] It is a pleasure for me to be in Nicaragua for the first time and present my credentials to your president. As you know, my country [words indistinct] Central America is of great interest to my government and to the EEC. Let us hope that it will be possible for your government and others, within the Contadora process, to agree on a treaty that will ensure peace, security, and prosperity for all the states of the region.

[Reporter] Are there any economic cooperation plans by your government?

[Daly] No, but we support some projects by British groups and some organizations such as Oxfam [Oxford Committee for Famine Relief] and the Catholic Institute. There are no economic projects as yet.

[Reporter] What is your government's stance regarding the The Hague ruling?

[Daly] Our stance if very clear. It is a fundamental principle for us to support international law. We have always accepted the The Hague court's jurisdiction, even when this has gone against our interests. [end recording] [passage omitted]

RODRIQUEZ, RISQUET EXPRESS CONDOLENCES TO VIETNAM

F1141546 Havana Radio Reloj Network in Spanish 1402 GMT 14 Jul 86

[Text] Carlos Rafael Rodriguez and Jorge Risquet, members of the party Politburo, were the first persons to sign the book of condolences opened in the Vietnamese Embassy in this capital following the death of the top leader of the brother country. Melba Hernandez, Central Committee member, and personnel of the Embassy of the Lao People's Democratic Republic also went to the Vietnamese Embassy to express their condolences for the death of Le Duan in the book that was opened at 0900 today.

Floral wreaths sent by the first secretary of our party and president of the Councils of State and Ministers, Commander in Chief Fidel Castro, and by Army General Raul Castro have been received at the Vietnamese Embassy, located in Miramar.

In representation of the entire country, the population of the capital will express its condolences for the loss of the secretary general of the Vietnamese Communist Party.

U.S. FOOD AID FUNDS MAY GO TO CONTRAS

PA142243 Havana International Service in Spanish 2300 GMT 10 Jul 86

[Text] U.S. Government officials have admitted that the money allocated to the Nicaraguan counterrevolutionaries will come from funds already approved to provide food aid to poor countries. A Canadian Broadcasting Corporation television network report indicates that the use of funds taken from the Food for Peace program is one of the options being currently studied by the U.S. Government.

NICARAGUAN WOMEN'S GROUP TOURS GUANTANAMO

PA141444 Havana International Service in Spanish 2300 GMT 10 Jul 86

[Text] A Nicaraguan delegation led by Glenda Monterrey Vasquez, secretary general of the Luisa Amanda Espinoza Nicaraguan Women's Organization, is touring points of historical and economic interest in the Cuban Province of Guantanamo. The visitors shared their experiences with leaders of the Federation of Cuban Women and the Communist Party, focusing on the role women play in the struggle against the agression financed by the United States.

POLITBURO MEMBER ANNOUNCES TANA PRESIDENT

F1141954 Havana Radio Reloj Network in Spanish 1800 GMT 14 Jul 86

[Text] Jorge Risquet, member of the Communist Party of Cuba Politburo, has announced that Melba Hernandez, Moncada heroine, has been elected president of the Cuban chapter of the Anti-Imperialist Tribunal of Our America, TANA, because of her revolutionary merits.

During her speech today at the meeting of the Cuban chapter of TANA, held at [CTC] Central Organization of Cuban Trade Unions headquarters in Havana, Melba stressed that his tribunal was created by the opinions and consciences of those in favor of peace and against enemies of peace.

She referred to continuous Yankee aggressions and stressed that those actions do not create fear among our people; on the contrary, they reaffirm the slogans of "Free fatherland or death" ands "Fatherland or death, we will win."

During the TANA session, Jesus Escandel, member of the Executive Secretariat of the CTC National Committee, read the Cuban chapter's program of action which condemns Yankee aggression in our America.

AUSTRIAN PARLIAMENTARY DELEGATION ARRIVES

F1121928 Havana Television Service in Spanish 1700 GMT 12 Jul 86

[Text] A parliamentary delegation from the Republic of Austria has arrived in Havana at the invitation of the National Assembly of th Peoples' Government [ANPP]. Ramon Perez Poro, chief of the ANPP International Relations Department, greeted the visitors. Dr. Christoph Parisini, Austrian ambassador to Cuba, also arrived at the airport to greet the visitors.

The 20-member delegation is headed by engineer Ernest Nedwed' deputy of the Austrian National Council. During their stay in Cuba, the delegation will hold bilateral discussions with their Cuban counterparts on their experiences and will visit centers of economic and social interest, including the Che Guevarra Palace of the Pioneers.

INDIAN NAVY SHIP GODAVARI ARRIVES IN HAVANA

F1121905 Havana Television Service in Spanish 1700 GMT 12 Jul 86

[Excerpt] The frigate Godavari arrived in Havana port today. The Godavari is the first ship of the Indian Navy to visit Cuba. The ship carries antiaircraft and antiship missiles, medium-range cannons, antisubmarines torpedoes, and two helicopters. It was constructed in the industrial city of Bombay, India. The ship is named after one of the most important rivers in the country, the Godavari River, which is located in central India. The ship is 125 meters long and 14 meters wide. It has 33 officers on board and 350 sailors. [passage omitted]

COOPERATION PROTOCOL SIGNED WITH ZIMBABWE

F1120058 Havana Television Service in Spanish 0000 GMT 12 Jul 86

[Text] Zimbabwe and Cuba signed a cooperation protocol today at the end of the first session of the joint Cuban-Zimbabwean commission for economic, scientific, and technical cooperation. The Cuban delegation was headed by Jorge Risquet Valdes, member of the Politburo and Secretariat of the party Central Committee, and Dzingai Mutumbuka, member of the Politburo of the Zimbabwe African National Union-Patriotic Front.

The protocol covers public health, education, agriculture, construction, and other areas. The educational and public health exchange programs will begin immediately.

Minister Departs

FL121943 Havana Television Service in Spanish 1700 GMT 12 Jul 86

[Text] In a dialogue with journalists before his departure from Havana, Education Minister Dzingai Mutumbuka, member of the Politburo of the Zimbabwe African National Union-Patriotic Front, said Africa will not be free while the apartheid regime exists, and because of this the people of Zimbabwe support the struggle against the shameful regime.

Mutumbuka stressed that the African nation and Cuba have signed important economic cooperation agreements, including exchange of technology, agricultural assistance, and professors and specialists from Zimbabwe. The leader said his country's people are preparing to receive Third World leaders at the eighth Nonaligned Movement summit in Harare.

PREPARATIONS FOR OAU, NONALIGNED MEETINGS OUTLINED

PA131743 Havana International Service in Spanish 2300 GMT 12 Jul 86

[By correspondent in Angola Pedro Martinez Pires]

[Text] Angola and other countries of this continent are currently holding intense contacts these days, prior to two important meetings in Africa: the OAU summit and the eighth conference of heads of states and governments of the Nonaligned Movement.

The OAU will begin its meeting on 28 July in Addis Ababa; the Nonaligned Movement meeting will be held at the end of August and the beginning of September in Zimbabwe. The Nonaligned Movement meeting is doubly significant; first, because it will be held in a Frontline State, along the border of the country of apartheid, and second because it will commemorate the 25th anniversary of the Nonaligned Movement, which held its first conference in 1961 in Belgrade.

The OAU and the Nonaligned Movement have on their agenda the current political issue in Africa, namely the existence of the disgraceful system of racial segregation in South Africa, which is also closely linked to the colonial domination of Namibia by Pretoria's racists.

It is expected that the OAU and the Nonaligned Movement will call Pieter Botha and his followers on the carpet, as they have in recent meetings. However, the representatives of apartheid will not be alone. They will be accompanied by those who have proven to the world that they are on the side of Pretoria's racists: the U.S. and British Governments.

Although there are other political issues and other serious economic problems marked by hunger, drought, and the rapid increase of the foreign debt, there is no doubt that in Zimbabwe the main issue will be the crisis in South Africa, the causes of which are daily becoming more clear to all the African countries and the world in general.

Angola is well prepared to participate in these two meetings. Here in Luanda, where the nonaligned ministerial meeting took place in September last year, two preparatory meetings have been held: one by the five Portuguese-speaking African countries, and the other by the six Frontline States, which will meet again in a few days in Harare, capital of Zimbabwe.

Angolan President Jose Eduardo dos Santos has met this year with the heads of state of the Saharan Democratic Arab Republic, the People's Republic of the Congo, Zaire, and with India's prime minister, who is president of the Nonaligned Movement. Dos Santos has also talked to the leaders of South Africa's African National Congress, the South-West African People's Organization of Namibia, and the PLO.

It is obvious that the African countries and the rest of the Third World are preparing not only to renew their solidarity with the countries struggling against apartheid domination, but to make their support more effective and efficient. This is how we see the political situation from Luanda.

COMMENTARY ON U.S. TRYING 'TO SABATOGE' CONTADORA

PA141621 Havana International Service in Spanish 2300 GMT 10 Jul 86

[Commentary by Amado Garcia]

[Text] Costa Rican Foreign Ministry spokesmen have stated that in the next few days the Contadora Group will be given a document drawn up by the Foreign Ministries of Costa Rica, Honduras, El Salvador, and Guatemala which constitutes an alternative to the new Central American peace act.

It has been learned that the document proposes Nicaragua's disarmament, something that is unacceptable to the Sandinist revolution, precisely at a time when the U.S. Government has just approved new funds for the counterrevolutionaries. Along with the $100 million for the former Somozists, the U.S. Congress allocated another $350 million to its allies in Central America with which it buys the complicity of these four countries -- Costa Rica, Honduras, El Salvador, and Guatemala -- in an attempt to deal a mortal blow to Contadora. The announcement of the granting of more financial and logistical aid to the aggressor bands was made just 2 days after the International Court of Justice issued its ruling against the current U.S. Administration for its attacks on Nicaragua. With all these actions, the U.S. Government ignores the calls by many Latin American countries and international organizations for a halt to all the support for the counterrevolutionaries. This is the basic condition for progress in the achievement of a regional peace agreement. Nevertheless, the United States has begun a new campaign to sabotage any agreement.

Philip Habib, President Ronald Reagan's special envoy for Central America, has begun a new tour of the countries of the region to continue to exert pressure on the countries allied with the United States and to achieve the total isolation of Nicaragua, something that would favor a direct military aggression. The alternative of preventing, with their concrete solidarity with Nicrargua, the consummation of this action against an independent and sovereign country is now in the hands of the Latin American countries.

COMMENTARY VIEWS WIDESPREAD U.S. DRUG PROBLEM

PA122358 Havana International Service in Spanish 2300 GMT 9 Jul 86

["Viewpoint" commentary]

[Text] The recent drug-related deaths of several distinguished U.S. professional sportsmen coupled with a report released by the University of Michigan social research institute stating that 30 percent of the university students in that country are addicted to drugs have returned to the front page one of the most acute problems affecting the Western world: the use of hallucinogenic drugs. The United States ranks first in this area.

Uncle Sam has tried to erase its drug addict image in many ways. One of these has been to try to mix drug trafficking with the Latin American guerrilla movements. This is how the terms narcoguerrila and narcoterrorism were born. The so-called major press picked up these terms and today, every time they mention this subject, they use them. However, these cliches have not caught on, for a very simple reason. The biggest number of drug addicts is found in the United States, and drug trafficking in that country makes a truly fabulous profit.

Statistics have shown that in the union [la union] 50 million smoke marijuana on a regular basis; 20 million use, or have tried, cocaine; and the number of people using LSD, barbiturates, amphetamines, or inhalants, is even greater.

Washington has also tried to blame other governments for the widespread use of drugs in the United States. However, the Yankee authorities seem to forget that this vice depends on a very old market formula: If there is no demand, there is no supply, and as we have already seen, the U.S. demand is huge.

However, more that forgetfulness, the White House's position seems to be one of deceit and concealment, because marijuana worth $110 billion was planted in the United States in 1985. This crop was exceeded only by the corn crop, the country's main agricultural product. As a new comedy, the Yankee President yells his head off criticizing drug cultivation in other nations, while under his own nose and, moreover, on federal land, the leaves of the well known grass bloom with all luxury and attentions.

Evidently, long and serious work will be necessary to resolve this problem. Many proposals have been presented in this regard. Many observers agree that if only 2 percent of the budget for weapons manufacture -- which this year rose to some $300 billion -- were taken from the budget, the United States could buy, without any harm, the food crops that would replace the present cocaine and marijuana plantations in latin America, plantations which are often under control of members of the Yankee Mafia.

For the United States, this decision would mean an invaluable investment in the health of the U.S. people and a contribution to their own development. As a last resort, the analysts have said, it would also be a considerable bureaucratic relief, because there are 30 federal agencies and 9 ministries [as heard] linked to the drug problem in the country which, far from improving, has worsened, with the natural violent consequences.

"OUR AMERICA" VIEWS FOREIGN DEBT SITUATION

PA141944 Havana International Service in Spanish 2300 GMT 10 Jul 86

["Our America" commentary, read by Manolo Ortega]

[Text] To the spiraling increase of the overall debt of the Latin American countries which is close to $400 billion, one must add the interest payment, which amounted to $74 billion last year.

The results of a recent analysis by the IDB show that the payment of the debt service is the main obstacle to the development of the region's countries. According to the regional banking institution allied with Washington, the debt interest will continue to be a heavy burden from which Latin America cannot free itself, even if the nations of the area achieve an annual growth of close to 3 percent of their gross domestic product or increase their exports by 11 percent.

This dramatic prediction becomes even worse when one bears in mind that according to a study made by the ECLA, the region's exports dropped 6 percent in 1985 due to the sharp decline of the prices of its basic products.

This drop in the export prices meant approximately $4 billion worth of losses for the Latin American nations which are suffering from the consequences of the implacable protectionism imposed by the Western industrialized countries.

Recently Latin America has become a net exporter of capital to the industrialized world, even at the cost of shortages of resources which affect its own survival. If they continue on this path, the Latin American nations will be forced to earmark 100 percent of their export revenue for the payment of the interest on the debt, something that is absurd from every viewpoint. The disaster that is looming if no solution is found to the problem has created awareness about the need for latin American unity of action. This awareness has gained strength among the social sectors most affected by the crisis.

This unity of action against the payment of the debt is advocated by workers, housewives, students, and peasants who are subjected to the worst living conditions and who are facing an uncertain future due to the heavy weight of the IMF-style prescriptions that impose brutal programs of adjustments and austerity on the governments of the region. To date, the economic plans implemented by some Latin American nations have served only to obtain new loans to pay for overdue payments. this measure increases the indebtedness and in no way promotes development.

In February the ECLA stated that more than 130 million Latin American are living in poverty, and it predicted that this figure will rise to 170 million by the year 2000 if the development model that prevails in most of the region's countries does not change. At this time of continental upheaval, the unpayable nature of the debt and its interest gains more validity than ever.

RAUL CASTRO PRESIDES OVER MILITARY GRADUATION

FL121852 Havana Television Service in Spanish 1700 GMT 12 Jul 86

[Excerpts] Army General Raul Castro Ruz, second secretary of the Communist Party of Cuba and FAR minister, has presided over the military graduation and promotion ceremony commemorating the 13th anniversary of the assault on the Moncada Barracks. The ceremony was held in the historic Plaza of the revolution and concludes a period of arduous work by a group of young officials educated in theoretic knowledge and necessary requirements to increase command in our units. They represent legitimate pride for the current generation and the decision of youths to dedicate all their strength and energy to the defense of the socialist revolution. [passage omitted]

HAVANA ARCHBISHOP DISCUSSES SITUATION OF CHURCH

PA121931 Madrid EFE in Spanish 0835 GMT 12 Jul 86

[By Ramon Ruiz]

[Text] Caracas, 12 Jul (EFE) -- Little is known about the situation of the church in Cuba due to the fact that there are interests opposed to Christianity, in governments and other institutions, waiting to obtain that information to manipulate it.

This and other remarks were made by Havana Archbishop Jaime Ortega and published in the latest issue of the Venezuelan magazine SIC, winner of the national prize for journalism.

Ortega said that Fidel Castro's revolutionary government has resolved problems basic to the poor, including health and the improvement of living standards and education levels, but warned that praising those accomplishments, asknowledged in documents issued locally, would give cause for two kinds of interpretations. The first, Ortega explained, would be that of those who are pleased with those achievements: "At last we have a just government, and the church attests to that." The second would come from those who oppose the system: "Look at the Cuban church: It has to say that because the government asks it to, and it is the only thing it can say."

The archbishop said that that is why the church has remained silent, and also because Cuba is a country "that has been isolated and blockaded, and we would not want our voice -- aware of the prominence it is given -- to be manipulated."

Ortega pointed out that this discretion in connection with the international community does not mean that the church has failed to act in other ways. "We have attempted to resovle problems through direct and sincere dialogue with the authorities," he said. The Cuban church leader said that the revolution that took place in his country was not simply a change of government, but a revolution that induced radical social change that in turn led to the development of various Christian values, including "feelings of solidarity and cooperation between people."

"The right all men have here," Ortega said, "to have access to education and health, to eliminate racial or class barriers, are points of convergence with what the Gospel preaches."

"As a christian," the archbishop of Havana added, "one has always had the tranquillity that comes from knowing that no child, on one, goes to bed hungry ." Asked about the possible points of convergence between Christianity and Marxism, Ortega said that in Cuba's case it is more appropriate to speak about Christianity and revolution, understanding the latter as a concept that includes social change. "The term Marxist is not used much in Cuba. Our Catholic university students work on the premise that they are Catholics and revolutionaries, because revolution is a term that is a common denominator to all Cubans."

That is also why, he said, when one speaks of dialogue, it takes place "between that reality called socialist revolution and this church, which is part of this nation and thinks on the basis of that same premise." Ortega said he believes that some of the limitations presently affecting the church will soon cease to exist, as the discrimination against Christians did before it. He said he would like Cubans not to be professed atheists, even if Cuban society is organized along secular lines, and that the church's access to the media not be restricted.

Regarding Cuba's situation, which is the object of so many negative interpretations abroad, the Havana archbishop warned that it is tinted by many subtletites and that is ust be approched "very realistically and with much respect." The Cuban revolution implies new qualitative change, Ortega said, "that advances development goals with great persistence and seriousness, and which takes greatly into account man's needs and his overall development." Msgr Ortega warned that the Cuban revolution cannot be understood without considering Cuba's proximity to the United States and the immense power the U.S. Government has to control it or strangle it [ahogarla].

In closing, the church leader discussed the freedom the church has to appoint its authorities in Cuba. He said that bishops and parish priests "are appointed with completed freedom" and added: "The meeting of bishops, the clergy, and church layman, at all levels, is absolutely unrestricted."

PROVINCIAL ASSESSMENT MEETINGS ON DEFICIENCIES HELD

FL141422 Havana Radio Progreso Network in Spanish 1100 GMT 14 Jul 86

[Text] In Granma, Villa Clara, and Guantanamo Provinces, meetings have been held with the representatives of enterprises and local organs to examine deficiencies in economic performance and determine ways to resolve the problems described.

In Granma, the final remarks were made by Jose Ramon Machado Ventura, member of the party Politburo. Sixto Batista, member of the Secretariat of the Central Committee, presided over the meeting in Villa Clara. In Guantanamo, the closing remarks were made by Julian Rizo, Politburo and Secretariat member.

At all meetings, the analyses made of the steps required to correct the deficiencies noted have had a positive effect, because they demonstrated a growing awareness of the need to find real solutions for the deficiencies in econmic performance and in political and ideological work.

CENTRAL COMMITTEE MEMBERS ATTEND ANALYSIS MEETING

FL111808 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 86

[By Hernan Santos]

[Text] The analysis meeting on deficient work began today in Holguin. More than 130 enterprises and entities are represented. The meeting is presided over by Jose Ramon Machado Ventura, member of the Politburo and Secretariat of the Communist Party of Cuba Central Committee. Approximately 800 delegates are attending the meeting, including leaders from the party, government, UJC [Union of Young Communists], and political and trade union organiations. The meeting is characterized by a high spirit of criticism and self-criticism.

The first speech was made by Miguel Cano Blanco, Central Committee member and first secretary of the party in the province.

During the meeting, they discused several aspects of enterprise management that were stressed by Commander in Chief Fidel Castro during his last statements.

BARBADOS

FOREIGN MINISTER INVITED TO VENEZUELA FOR TALKS

FL141348 Bridgetown CANA in English 1833 GMT 12 Jul 86

[Text] Bridgetown, Barbados, July 12, CANA -- Barbados Foreign Minister J Carmeron Tudor is to pay an official visit to Venezuela, the government announced last night.

The invitation was conveyed yesterday by Venezuela's Special Ambassador for the Caribbean Francois Monack on behalf of his Foreign Minister Simon Alberto Consalvi. No dates of the proposed visit were given.

Monack, on an official visit here, spent yesterday meeting top officials in the island's new government, including Prime Minister Errol Barrow, Tudor, and Finance Minister Richie Haynes, for talks on proposals to deepen cooperation between Venezuela and Barbados.

The two countries have identified housing, petroleum, air services, tourism, educational and cultural exchanges as areas where they could collaborate more.

GRENADA

CASH FLOW PROBLEMS DELAY DEBT PAYMENTS

FL142142 Bridgetown CANA in English 1919 GMT 14 Jul 86

[Text] St Geòrges, Grenada, July 14, CANA -- The Grenada public sector had a difficult first half of the year, forcing the government to cut recurrent expenditure budget and defer payment of debt, Prime Minister Herbert Blaize says.

Blaize said debt repayment amounting to 13.4 million EC dollars would have to be delayed in order to cover an unfinanced gap of 19.5 million dollars following a cut in budgetary support of 7.2 million dollars by the United States Agency for International Development (USAID).

He said that the public sector was affected by an acute cash flow problem arising from the low intake of revenue due to the new fiscal reform measures introduced by the government in this year's budget.

He said that non-receipt of expected financial assistance, particularly for the capital budget, resulted in a number of projects within the public sector investment programme having to be grounded by the government. This, he indicated, had given rise to a shortfall in the anticipated employment within the public sector with the upshot being that the 1986 recurrent budget would have to be reduced by six million dollars. Unemployment is officially estimated at around 20 per cent.

Blaize said that at the end of June, the public debt stood at 181.2 million dollars with external debt at 115.7 million dollars and domestic debt at 65.5 million dollars.

He said that this outstanding balance includes arrears totalling 8.8 million dollars on loans to communist East Germany and Libya, which were scheduled for payment but had to be deferred primarily as a result of cash flow problems.

Blaize said that debt service paid by the government during the period under review amounted to 12.5 million dollars with principal accounting for 8.1 million dollars, and interest in the region of 4.4. million dollars.

The prime minister said recurrent expenditure reached 54.9 million dollars, which is 57 per cent of the expected half year level of 5.3 million dollars more than half of the approved budget before debt repayment. This level of expenditure stems from the non-implementation of the programme for reorganisation of the public sector which was provided for in the 1986 budget, he said.

Blaize said that at the end of June, recurrent revenue stood at 42.3 million dollars or only 39 per cent of the projected 108 million dollars for the year. He said the government had been able to collect only 9.7 million dollars in March to June on the controversial 20 percent value added tax (VAT) levied on goods and services and considered as the centrepiece of its fiscal reform package.

It is anticipated that the recent amendments to VAT and the business levy would give rise to expansion in business activity, thus permitting government to nearly achieve its overall revenue target of 108 million dollars by the end of the year, he said.

Even so, the remainder of the year is expected to be fiscally difficult owing to the unavailability of sufficient finance to cover the government's total budgetary requirements, he added.

TRINIDAD-TOBAGO

OPPOSITION PREDICTS POSSIBLE ECONOMIC COLLAPSE

FL142232 Bridgetown CANA in English 2219 GMT 14 Jul 86

[Text] Bridgetown, Barbados, July 14, CANA -- Opposition Barbados Parliamentarian David Simmons has forecast hard times, possibly including the collapse of the economy.

Simmons, the only minister of the defeated Barbados Labour Party administration to retain his seat in May's general election, was speaking ahead of tomorrow's presentation of the fiscal measures of the new government. The former attorney-general said that devaluation, import substitution, and controls on imports could result from the democratic labour party proposals, which include generous tax relief, according to press reports.

He felt that the proposed tax concessions would place a great strain on the country's balance of payments and foreign reserves and could lead to the collapse of the economy. While people would have more money in their pockets, Simmons said, there would be a reduction in the level of services.

He said the path taken by the government could carry Barbados along the lines of Guyana and Jamaica, whose economies have been depressed for years. He said the government had been elected on a pledge to provide more jobs but lay-off were continuing.

HOYTE SAYS ECONOMY REVITALIZATION MAIN GOAL

FL141322 Bridgetown CANA in English 1945 GMT 12 Jul 86

[By Clem David]

[Text] Georgetown, Guyana, July 12, CANA -- Guyana President Desmond Hoyte has told the country's foreign-based diplomats that revitalisation of the local economy is the government's chief priority now and foreign policy must serve domestic goals and objectives.

Addressing heads of Guyana's diplomatic missions from Asia, Africa, North and South America, as well as Latin America and the Caribbean at their annual conference here, Hoyte said yesterday that Guyana had already come through the political phase of its development, and is now in the economic phase...Economic considerations must be dominant, he told the 15 diplomats attending the conference, which has as its theme "The Economy: The Overriding Priority -- the Diplomatic Effort." Said Hoyte: we know what we want. Our task now is to facilitate the emergence of conditions in which our people can transform these resources into health.

Hoyte addressed the role of Guyana's diplomats in attracting foreign investment. We will have to secure the interest of overseas investors. We have to have partners in development...we need not be afraid of dealing with investors from overseas, he said, counselling that the principle of such dealings should be one of securing mutual advantage.

Some of the areas targeted for special emphasis, Hoyte said, are agriculture, including fisheries, minerals, including gold and diamonds, and forestry and tourism. He also outlined efforts to diversify the sugar industry and to promote wider production of a variety of products associated with the rice industry.

Hoyte noted that Guyana had formulated proposals for some 30 potential joint venture projects which can involve sister Caribbean Community (Caricom) states and said some of them had already been implemented. There are enourmous opportunities for development of the region's resources, for integration, and for the creation of wealth on a national and regional basis, said Hoyte.

Guyana's foreign policy, the president said, must proceed from the domestic situation. We start from there and we end there, adding that the objective is the service of national goals and objectives. Non-alignment is the best vehicle to achieve our national goals, said Hoyte, pointing out that this did not mean mere neutralism or timorous apathy. Guyana's foreign policy, Hoyte said, is based on deeply held principles and not expediency. He underscored Guyana's continuing belief in the United Nations system. Despite its imperfections, he said, it is the only feasible option for orderly international intercourse and international relations.

On the home-front, President Hoyte said people are willing to do things to further strengthen and develop our society and our nation. But these things must be accomplished from a material base, and neither the government nor the private sector can, alone, find the magnitude of resources needed. Guyana hopes to attract significant investment and to generate significant development, the president said.

He repeated Guyana's opposition to all forms of aggression. Hoyte restated his government's contention that apartheid in South Africa must crumble. Guyana's position on apartheid remains rigid and uncompromising, Hoyte said.

BOUTERSE ACCUSES NETHERLANDS OF INTERFERENCE

FL142313 Bridgetown CANA in English 2252 GMT 14 Jul 86

[Text] Paramaribo, Suriname, July 14, CANA-REUTER -- Suriname leader Desi Bouterse today lashed out at what he called Dutch interference in internal affairs and said a democratic opening now under way is not aimed at restoring aid from The Hague.

Speaking to a group of provincial officials, Bouterse said his five year-old revolution had developed a coalition of military, labour, business, and opposition political parties which is so unique that people abroad don't want to believe it.

If you think that this coalition has something to do with the restoration of (Dutch aid), you can forget it, Bouterse said.

The Hague cut off a 100 million dollar annual aid programme to Suriname after the murder of 15 opposition and labour leaders in December 1982.

Since then, the South American nation, once among the region's most prosperous, has gone into an economic decline aggravated by depressed world prices for its principal foreign exchange earner, bauxite.

Bouterse, a former Army sergeant who came to power in a 1980 barracks revolt, said his government will go ahead with development plans with or without Dutch support. He said Suriname will seek international finance elsewhere.

He criticized the Dutch Government for violating what he termed the internationally recognized principle that rejects the use of blackmail for political ends.

The Dutch Government has said it will not resume the aid without an investigation of the murders and guarantees of democratic reform.

Bouterse last year announced a gradual return to civilian rule by April 1987. This week, he is expected to name a new cabinet and a government coalition which he said today will include members of the powerful C-47 Trade Union Congress.

The leader of Suriname's military authority, Bouterse last week accepted the resignations of the councils two other members.

Bouterse told the meeting the recent expulsion of a Dutch Embassy official for alleged interference in Suriname's internal affairs had to do with the diplomats role in a legal proceeding against two Dutch journalists but did not elaborate. He warned that similar action could be taken against other diplomats.

Bouterse also implied the Dutch Government had aided in the arrest of Surinamese Army Commander E Boerenveen, who is awaiting trial in Miami on charges of conspiring to abet drug smugglers.

According to Bouterse, only time will tell the extent of Dutch involvement in arranging Boerenveen's arrest.